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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)

### **MAJOR AND CONNECTED TRANSACTION**

The Board announces that after trading hours on 13 December 2010, the Company entered into the Agreement with the Vendors, pursuant to which the Company agreed to acquire and the Vendors agreed to sell the Sale Shares, representing 60% of the issued share capital of New Sinotech for an aggregate cash consideration of HK\$53,000,000.

As the applicable percentage ratio for the Acquisition under the GEM Listing Rules is more than 25% and less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 19.06 of the GEM Listing Rules. NUEL, being one of the Vendors, is the controlling Shareholder and as at the date of this announcement is interested in 1,249,649,115 Shares, representing approximately 62.11% of the issued share capital of the Company. Accordingly, NUEL is a connected person of the Company and the Acquisition also constitutes a connected transaction for the Company under Rule 20.13 of the GEM Listing Rules, which is subject to the announcement, circular and Independent Shareholders' approval requirements under the GEM Listing Rules.

Both (i) NUEL, the controlling Shareholder is interested in 1,249,649,115 Shares, representing approximately 62.11% of the issued share capital of the Company, together with its associates; and (ii) Mr. CHAN, who is interested in 58,150,519 Shares, representing approximately 2.89% of the issued share capital of the Company, together with his associates, will abstain from voting on the resolution to approve the Acquisition and the transactions contemplated thereunder at the EGM.

An independent board committee of the Company has been established by the Company to give recommendation to the Independent Shareholders in respect of the Acquisition. 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 Acquisition, recommendation from the independent board committee of the Company, the letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders and a notice of the EGM, will be despatched by the Company to the Shareholders as soon as possible, but no later than 4 January 2011.

## **THE AGREEMENT DATED 13 DECEMBER 2010**

### **Parties**

*The First Vendor:* NUEL

*The Second Vendor:* Mr. CHAN

*The purchaser:* the Company

NUEL is the controlling Shareholder and a connected person of the Company. Mr. CHAN is a Macau citizen, who is a veteran investor in real estates in Macau and Guangdong Province, the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as Mr. CHAN is interested in 58,150,519 Shares, representing approximately 2.89% of the issued share capital of the Company as at the date of this announcement, Mr. CHAN is a third party independent of the Company and connected persons of the Company.

### **Assets acquired**

*The First Sale Shares:* 2,650,000 issued shares of US\$1 each in the share capital of New Sinotech beneficially owned by NUEL, representing 53% of the issued share capital of New Sinotech

*The Second Sale Shares:* 350,000 issued shares of US\$1 each in the share capital of New Sinotech beneficially owned by Mr. CHAN, representing 7% of the issued share capital of New Sinotech

### **Consideration and payment**

The aggregate consideration of HK\$53,000,000 for the acquisition of the Sale Shares was arrived at after arm's length negotiations between the Company, NUEL and Mr. CHAN and represents a discount of approximately 0.68% to the adjusted value of the Sale Shares of HK\$53,365,000, based on the aggregate sum of (i) 60% equity interest attributable to the unaudited consolidated net asset value of the New Sinotech Group of approximately HK\$46,894,000 as at 31 October 2010 and (ii) 60% equity interest attributable to the revaluation surplus (net of deferred tax liabilities) of the Property of approximately HK\$6,471,000.

As relevant title certificates of certain buildings and construction permits of certain portion of the CIP (as defined below) have not been obtained, no commercial value has been attributed to such buildings and such portion of the CIP (collectively, the “Structures Pending Certificates”) in the valuation of the Property. For reference purpose, after taking into account the depreciated replacement cost of approximately RMB5,300,000 (approximately HK\$6,137,000) of the Structures Pending Certificates in the valuation of the Property, the aggregate consideration of HK\$53,000,000 would represent a discount of approximately 5.57% to the adjusted value of the Sale Shares of HK\$56,127,000, based on the aggregate sum of (i) 60% equity interest attributable to the unaudited consolidated net asset value of the New Sinotech Group of approximately HK\$46,894,000 as at 31 October 2010 and (ii) 60% equity interest attributable to the revaluation surplus (net of deferred tax liabilities) of the Property (with inclusion of the Structures Pending Certificates) of approximately HK\$9,233,000.

The aggregate consideration for the First Sale Shares of HK\$46,816,700 shall be payable in the following manner:

- (a) HK\$41,816,700 shall be settled in cash upon Completion; and
- (b) if the Target Profit Level can be achieved, the remaining balance of HK\$5,000,000 shall be settled in cash within 14 days from the issue date of the Audited Accounts 2011 of New Sinotech; or if the the Target Profit Level cannot be achieved, the remaining balance of HK\$5,000,000 after deduction of the shortfall compensation shall be settled in cash within 14 days from the issue date of the Audited Accounts 2011 of New Sinotech.

In relation to part of the consideration of HK\$41,816,700 in cash payable by the Company to NUEL for acquisition of the First Sale Shares upon Completion, NUEL has unconditionally and irrevocably undertaken to the Company that upon the Company’s written request for time extension for payment of the whole or any part of such part of the consideration, the First Vendor would unconditionally agree to an extension of not more than three months each time upon such written request being made and the First Vendor would charge the principal amount of such part of the consideration subject to the extension with interest of 2% per annum (based on 365 days a year) until the said amount is fully settled.

The aggregate consideration for the Second Sale Shares of HK\$6,183,300 shall be settled in cash to Mr. CHAN upon Completion.

It is expected that the payment of the aggregate consideration of HK\$53,000,000 for the Acquisition shall be financed by the internal resources of the Company.

### **Target Profit Level**

NUEL has undertaken that in the event that the audited consolidated net profit after taxation of the New Sinotech Group for the year ending 31 December 2011 is less than the Target Profit Level or there is no net profit after taxation recorded in the Audited Accounts 2011 of New Sinotech, NUEL will compensate the Company the shortfall in cash, subject to the cap amount of HK\$5,000,000, within 14 days from the issue date of the Audited Accounts 2011 of New Sinotech. The shortfall compensation for failing to achieve the Target Profit Level will be set off on a dollar-to-dollar basis against the consideration of HK\$5,000,000 payable by the Company to NUEL for acquisition of the First Sale Shares.

### **Conditions and Completion**

Completion of the Agreement shall be conditional upon:–

- (a) the Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders at the EGM in accordance with the GEM Listing Rules (NUEL, Mr. CHAN and their respective associates will abstain from voting on the resolution to approve the Acquisition at the EGM);
- (b) completion of a due diligence review of the New Sinotech Group and the result of which, at the absolute opinion of the Company, is satisfactory;
- (c) no change in any law, the consequence of which, in the opinion of the Company, materially and adversely affects the financial conditions, business, operations, prospect or asset value of any member of the New Sinotech Group in the context of the Acquisition; and
- (d) the representations, warranties and undertakings of the Vendors as set out in the Agreement having remained true and accurate.

Save for the condition (a) above, all the conditions may be waived by the Company at its sole absolute discretion. If any of the conditions is not fulfilled or waived by the Company on or before 31 March 2011 or such later date as may be agreed by the parties to the Agreement, the Agreement, save in respect of any antecedent breach of the Agreement and except for the provisions relating to, inter alia, confidentiality duty, governing law and interpretation of the Agreement, shall become lapse.

Completion shall take place on the second Business Day after the date on which all the conditions of the Agreement have been fulfilled and/or waived as the case may be, or such other date as may be agreed between the parties to the Agreement.

## **INFORMATION ON THE NEW SINOTECH GROUP**

New Sinotech is a company incorporated in BVI on 17 April 2008 with issued share capital of US\$5,000,000 divided into 5,000,000 shares of US\$1 each. As at the date of this announcement, New Sinotech is beneficially owned as to 53% by NUEL, 38% by Smartech, a wholly owned subsidiary of the Company, and 9% by Mr. CHAN. The major asset of New Sinotech is its interests in the entire issued share capital of Fair Time. Fair Time is a company incorporated in Hong Kong on 26 April 2007 with issued share capital of HK\$99,327,000 divided into 99,327,000 shares of HK\$1 each. The major asset of Fair Time is its 100% equity interests in the registered paid-up capital of the WFOE. NUEL acquired the First Sale Shares on 8 August 2008, at the original purchase cost of HK\$44,520,000.

The WFOE is a wholly foreign-owned enterprise established in the PRC on 10 September 2007. The operating period of the WFOE is 50 years for the period from 10 September 2007 to 5 September 2057. The registered capital of the WFOE was US\$31,000,000 (approximately HK\$241,180,000) (of which US\$23,000,000 (approximately HK\$178,940,000) was paid up). Part of the registered capital of the WFOE was financed by the term loan facilities in an aggregate amount of US\$14,000,000 (approximately HK\$108,920,000) granted by three licensed banks in Hong Kong to Fair Time pursuant to a facility agreement dated 8 August 2008 (the “Syndicated Loan”) for which Mr. XI Yu, the chairman of the Company, and one of his associates are the guarantors. Following Completion, Mr. XI Yu and his associate acting as the guarantors in respect of the Syndicated Loan will constitute financial assistance provided by Mr. XI Yu and his associate for the benefit of the Group on normal commercial terms (or better to the Company) with no security over the assets of the Group is granted in respect of the financial assistance under Rule 20.65(4) of the GEM Listing Rules, which will be exempt from the reporting, announcement and independent Shareholders’ approval requirements under the GEM Listing Rules.

It is expected that the funding requirement and the remaining unpaid registered capital of US\$8,000,000 (approximately HK\$62,240,000) of the WFOE will be met/paid up through banking finance and/or shareholders’ loans to be advanced by the shareholders of New Sinotech on a pro rata basis. Regarding the further contribution to the unpaid registered capital of the WFOE by the Company, NUEL has unconditionally and irrevocably undertaken to the Company on 8 August 2008 that NUEL will grant shareholder’s loan(s), which will be unsecured and on normal commercial terms, to the Company to enable it to fulfill its obligation to make payment of the unpaid registered capital of the WFOE proportional to its shareholding in New Sinotech, if necessary.

The WFOE is principally engaged in the development and operation of an eco-plating specialised zone (“Eco-plating Specialised Zone”) which located at Dian Shang Road North, Zhenjiang New District, Zhenjiang City, Jiangsu Province, the PRC with a site area of approximately 182,520.6 sq.m. (the “Land”) and owns a centralised discharge processing system for filtration and purification of electroplating sewage and sludge, and recycling facilities servicing the Eco-plating Specialised Zone. The WFOE provides

management services and environmental facilities to clients carrying out plating business in the zone under the centralised and environmentally friendly sewerage system.

Up to 31 October 2010, the Eco-plating Specialised Zone comprises 12 buildings being built and various ancillary structures (the “Completed Property”) with a total gross floor area of approximately 26,985 sq.m. which were completed in 2009. In addition to the Completed Property, 8 buildings and various ancillary structures with a total proposed gross floor area of approximately 37,550 sq.m. in the Eco-plating Specialised Zone are under construction (the “CIP”). It is expected that the CIP will be completed by the mid – 2011. The land use rights of the Land have been granted for a term expiring on 20 January 2058 for industrial use.

Based on the letter of preliminary value of the Property comprising the Land, the Completed Property and the CIP prepared by BMI Appraisals Limited, an independent professional valuer, the preliminary value of the Property would be in an aggregate amount of RMB168,620,000 (approximately HK\$195,262,000), as at 31 October 2010. For reference purpose, BMI Appraisals Limited is of the opinion that the depreciated replacement cost of the Structures Pending Certificates as at 31 October 2010 would be in the sum of approximately RMB5,300,000 (approximately HK\$6,137,000) assuming all relevant title certificates and construction permits have been obtained and the Structures Pending Certificates could be freely transferred in the market.

Revenue of the New Sinotech Group comprises revenue from sewage treatment and recycling services, and rental and integrated management services income from clients of the industrial buildings within the Eco-plating Specialised Zone. Set out below is certain financial information of the New Sinotech Group based on the unaudited consolidated management accounts of New Sinotech for the two years ended 31 December 2009 and for the ten months ended 31 October 2010 prepared under the generally accepted accounting principles, standards and practices in Hong Kong:

	<b>For the ten months ended 31 October 2010 HK\$ (unaudited)</b>	For the year ended 31 December 2009 HK\$ (unaudited)	From 17 April 2008 (date of incorporation) to 31 December 2008 HK\$ (unaudited)
<b>Income statement summary</b>			
Turnover	<b>5,503,000</b>	2,071,000	–
Gross profit	<b>1,440,000</b>	750,000	–
Profit/(loss) before taxation	<b>(2,542,000)</b>	604,000	(997,000)
Profit/(loss) after taxation	<b>(2,542,000)</b>	604,000	(997,000)
<b>Balance sheet summary</b>			
Total assets	<b>254,808,000</b>	218,089,000	174,024,000
Total liabilities	<b>176,651,000</b>	140,296,000	97,457,000
Net assets	<b>78,157,000</b>	77,793,000	76,567,000

Upon Completion, New Sinotech and its subsidiaries will become 98% owned subsidiaries of the Company and the financial results of the New Sinotech Group will be consolidated to the financial statements of the Group.

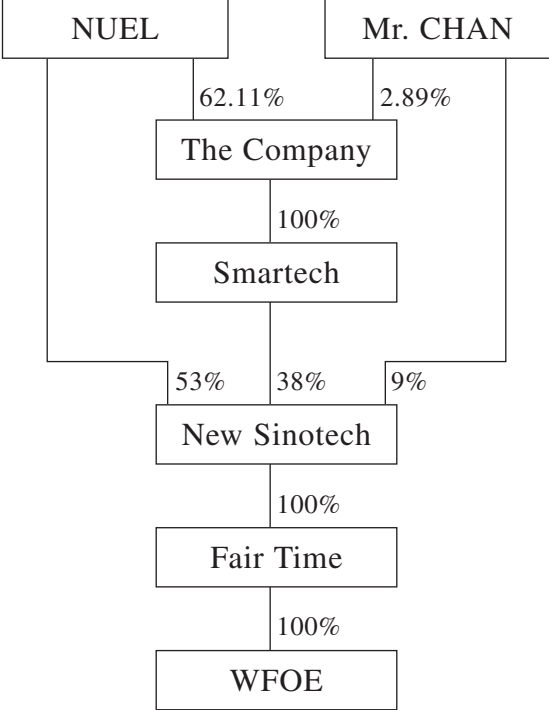
#### **Shareholders' loans due to the Vendors**

As at 30 November 2010, the shareholder's loans owed by the New Sinotech Group to NUEL and Mr. CHAN were approximately HK\$33,071,000 and HK\$5,504,000 respectively. NUEL and Mr. CHAN have agreed that the terms of all shareholders loans advanced by them respectively to the New Sinotech Group, following the Completion will be altered as (a) interest free; (b) unsecured; and (c) repayable upon being served a 90-day notice (subject to unconditional and irrevocable undertaking by each of NUEL and Mr. CHAN to grant an extension for 3 months each time for repayment of the whole or any portion of the amount being due upon the written request of the New Sinotech Group). Such outstanding shareholder's loan of NUEL, after Completion, will constitute financial assistance provided by a connected person for the benefit of the Group on normal commercial terms (or better to the Company) with no security over the assets of the Group is granted in respect of the financial assistance under Rule 20.65(4) of the GEM Listing Rules, which will be exempted from reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

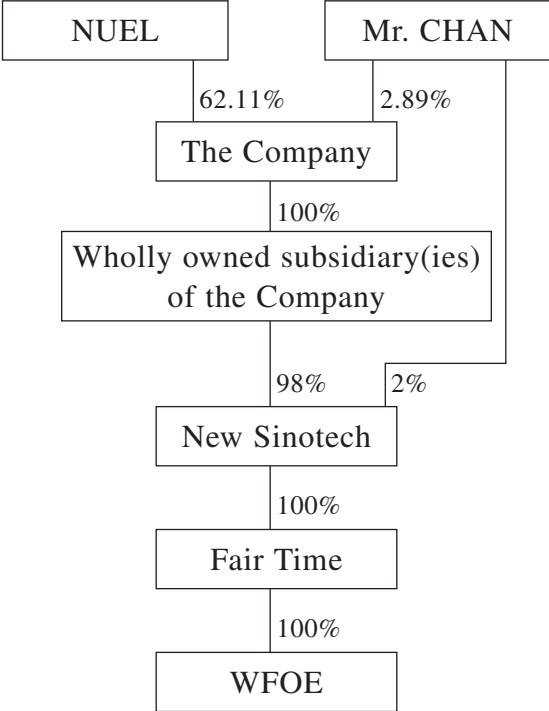
**SHAREHOLDING STRUCTURES BEFORE AND AFTER THE ACQUISITION**

The diagrams herein below illustrate the corporate and shareholding structure of the Group and the New Sinotech Group before and upon Completion:

**Existing corporate structure**



**Upon Completion**



## **REASONS FOR THE ACQUISITION**

The Group is principally engaged in (i) environmental treatment and disposal of regulated medical waste, and general and hazardous industrial waste in three major cities of Jiangsu Province; (ii) the development and operation of the Eco-plating Specialised Zone; (iii) the production and outlet base of injection molds, plastic products and plastic materials; and (iv) investments in plastic materials dyeing operations, in the PRC.

As mentioned in the interim report of the Company for the six months ended 30 June 2010, the Company has recently introduced well experienced members into the Board. Leveraging their expertise and extensive market experience, the Company will prudently expand its environmental operations while continuing to enhance efforts in improving the Group's operating efficiency and corporate governance. The Acquisition therefore is in line with the corporate strategy of the Group. As the Chinese government attaches great importance to environmental protection, the management of the Group believes that there is ample room to grow for the Group's environmental operations. Given the growth potential of the environmental business in the PRC and the future earnings potential of the Eco-plating Specialised Zone, it is an opportunity for the Group to expand its environmental waste treatment business by acquiring additional 60% equity interests in the New Sinotech Group with anticipation to consolidate its potential profitability in the foreseeable future. The Directors consider that the terms of the Agreement are of normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

As the applicable percentage ratio for the Acquisition under the GEM Listing Rules is more than 25% and less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 19.08 of the GEM Listing Rules. NUEL, being one of the Vendors, is the controlling Shareholder and as at the date of this announcement is interested in 1,249,649,115 Shares, representing approximately 62.11% of the issued share capital of the Company. Accordingly, NUEL is a connected person of the Company and the Acquisition also constitutes a connected transaction for the Company under Rule 20.13 of the GEM Listing Rules, which is subject to the announcement, circular and Independent Shareholders' approval requirements under the GEM Listing Rules.

Both (i) NUEL, the controlling Shareholder is interested in 1,249,649,115 Shares, representing approximately 62.11% of the issued share capital of the Company, together with its associates; and (ii) Mr. CHAN, who is interested in 58,150,519 Shares, representing approximately 2.89% of the issued share capital of the Company, together with his associates, will abstain from voting on the resolution to approve the Acquisition and the transactions contemplated thereunder at the EGM.

An independent board committee of the Company comprising all of the independent non-executive Directors has been established by the Company to give recommendation to the Independent Shareholders in respect of the Acquisition. 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 Acquisition, recommendation from the independent board committee of the Company, the letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders and a notice of the EGM, will be despatched by the Company to the Shareholders as soon as possible, but no later than 4 January 2011.

#### **TERMS USED IN THIS ANNOUNCEMENT**

“Acquisition”	acquisition of the Sale Shares from the Vendors by the Company pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 13 December 2010 entered into between the Company and the Vendors, pursuant to which the Company has conditionally agreed to acquire from the Vendors the Sale Shares subject to the terms and conditions thereunder
“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Audited Accounts 2011 of New Sinotech”	the consolidated financial statements of the New Sinotech Group for the year ending 31 December 2011 as audited according to generally accepted accounting principles, standards, interpretations and practices in Hong Kong
“Board”	the board of Directors
“BVI”	British Virgin Islands
“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
“Completion”	completion of the Acquisition pursuant to the Agreement
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Directors”	directors of the Company
“EGM”	extraordinary general meeting of the Company to be convened for approving the Agreement and the transactions contemplated therein

“Fair Time”	Fair Time International Limited, a company incorporated in Hong Kong with limited liability and wholly and beneficially owned by New Sinotech
“First Sale Shares”	2,650,000 issued shares of US\$1 each in the share capital of New Sinotech beneficially owned by NUEL, representing 53% of the issued share capital of New Sinotech
“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”	Shareholders other than (i) NUEL and its associates and (ii) Mr. CHAN and his associates
“Macau”	The Macau Special Administrative Region of the PRC
“Mr. CHAN” or “Second Vendor”	Mr. CHAN Son Neng
“New Sinotech”	New Sinotech Investments Limited, a company incorporated in BVI with limited liability and owned as to 53% by NUEL; 38% by Smartech; and 9% by Mr. CHAN as at the date of the Agreement
“New Sinotech Group”	New Sinotech and its subsidiaries
“NUEL” or “First Vendor”	New Universe Enterprises Limited, a limited liability company incorporated in the BVI and is currently beneficially interested in approximately 62.11% of the issued share capital of 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
“Property”	the industrial development with buildings, structure and facilities located at the Land

“Sale Shares”	the First Sale Shares and the Second Sale Shares
“Second Sale Shares”	350,000 issued shares of US\$1 each in the share capital of New Sinotech beneficially owned by Mr. CHAN, representing 7% of the issued share capital of New Sinotech
“Share(s)”	existing issued ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Smartech”	Smartech International Group Limited, a company incorporated in BVI with limited liability and wholly and directly owned by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Profit Level”	HK\$5,000,000, being the target profit level to be achieved in the consolidated net profit after taxation of the New Sinotech Group for the year ending 31 December 2011 as stated in the Audited Accounts 2011 of New Sinotech
“Vendors”	NUEL and Mr. CHAN
“WFOE”	鎮江華科生態電鍍科技發展有限公司(Zhenjiang Sinotech Eco-Electroplating Development Limited), a wholly foreign-owned enterprise established in the Zhenjiang City, Jiangsu Province, the PRC and is wholly and directly owned by Fair Time
“HK\$”	Hong Kong dollars
“RMB”	Renminbi
“US\$”	United States 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 RMB1: HK\$1.158, all amounts in US\$ are translated into HK\$ at an exchange rate of US\$1: HK\$7.78.*

By Order of the Board  
**New Universe International Group Limited**  
**CHAN Chun Hing**  
*Chief Executive Officer*

Hong Kong, 13 December 2010

*As at the date of this announcement, the Board comprises four executive directors: Mr. XI Yu (Chairman), Mr. CHAN Chun Hing (Chief Executive Officer), Ms. CHEUNG Siu Ling and Mr. HON Wa Fai; two non-executive directors: Mr. SONG Yuqing (Vice Chairman) and Mr. SUEN Ki; and four independent non-executive directors: Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael, Mr. HO Yau Hong, Alfred and Mr. LEE Kwan Hung.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) “Latest Company Announcements” page for at least 7 days from the day of its posting and on the Company’s website at [www.nuigl.com](http://www.nuigl.com).*