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## **New Universe International Group Limited**

**新宇國際實業(集團)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8068)

**(1) PROPOSED OPEN OFFER IN THE PROPORTION OF ONE (1) OFFER SHARE FOR EVERY FIVE (5) SHARES HELD ON THE RECORD DATE**

**AND**

**(2) CONNECTED TRANSACTION: DEED OF CAPITALISATION**

**Financial adviser to the Company**



**八方金融有限公司**

**Octal Capital Limited**

### **PROPOSED OPEN OFFER**

The Board proposes to raise approximately HK\$44,261,616 before expenses by issuing 442,616,169 Offer Shares at the Subscription Price of HK\$0.10 per Offer Share on the basis of one (1) Offer Share for every five (5) Shares held on the Record Date.

The Open Offer will be fully underwritten by NUEL other than the Offer Shares that will be provisionally allotted to and have been undertaken to be taken up by NUEL pursuant to the Undertaking Letter. Pursuant to the Undertaking Letter, NUEL has irrevocably undertaken to the Company that, among others, (1) NUEL will remain as the beneficial owner of 1,453,657,382 Shares up to and including the Latest Date for Acceptance; and (2) NUEL will subscribe for 290,731,476 Offer Shares, being its full entitlement under the Open Offer, by lodging application acceptance in respect of all such Offer Shares with payment in full therefore before 4:00 p.m. on the Latest Date for Acceptance. NUEL will apply an aggregate amount of HK\$29,073,147.60, being the outstanding principal amount due to NUEL under unsecured interest free loans advanced by NUEL to the Company and its subsidiaries pursuant to the Loan Agreement and Loan Deed, to fully set-off the payment for its entitlement to the 290,731,476 Offer Shares.

Pursuant to the Underwriting Agreement, the Underwriter shall subscribe for the Untaken Shares for which it is called upon to subscribe and the Underwriter shall, as payment to the Company, apply such amount of the Capitalised Amount to fully set-off the Subscription Price in respect of the Untaken Shares less the aggregate of any amount payable to it.

The number of Offer Shares to be issued pursuant to the terms of the Open Offer represents 20.00% of the Company's existing issued share capital and approximately 16.67% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

To qualify for the Open Offer, Shareholders must be registered as members of the Company on the Record Date and must not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with relevant share certificates) must be lodged for registration with the Registrar on or before 4:30 p.m. on Thursday, 15 November 2012. The register of members for the Shares will be closed from Friday, 16 November 2012 to Tuesday, 20 November 2012, both dates inclusive.

**The Open Offer is subject to the satisfaction of certain conditions as described under the section headed "Conditions of the Open Offer". In particular, it is subject to the Underwriter not terminating the Underwriting Agreement (see section headed "Termination of the Underwriting Agreement" below) prior to the Latest Time for Termination. Accordingly, the Open Offer may or may not become unconditional and may or may not proceed. Investors' attention is drawn to the section headed "WARNING OF THE RISK OF DEALING IN SHARES" below.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares up to the date when the conditions of the Open Offer are fulfilled.**

#### **DEED OF CAPITALISATION**

As at the date of this announcement, (i) Loan I in the approximate amount of HK\$26,080,000 was due by the Company to NUEL under the Loan Agreement; and (ii) Loan II in the approximate amount of HK\$36,083,920.17 was due by New Sinotech, a 98% indirectly owned subsidiary of the Company, to NUEL under the Loan Deed. Under the terms of the Loan Agreement and Loan Deed, the respective Loan I and Loan II are payable on demand. NUEL will make a demand for repayment of the Capitalised Amount due after the Record Date.

On 28 September 2012, the Company and New Sinotech entered into the Deed of Capitalisation with NUEL, pursuant to which NUEL wishes to apply the Capitalised Amount to satisfy (i) the subscription monies payable by NUEL for its assured entitlement to 290,731,476 Offer Shares under the Open Offer, and (ii) the subscription monies payable by NUEL for those (if any) of the underwritten 151,884,693 Offer Shares not taken up by the Qualifying Shareholders under the Open Offer and not applied for by the Qualifying Shareholders under the excess application, on the terms but subject to the conditions of the Deed of Capitalisation and the Company agrees to capitalise the Capitalised Amount.

### **GEM LISTING RULES IMPLICATIONS**

As at the date of this announcement, NUEL is interested in 1,453,657,382 Shares, representing approximately 65.68% of the existing issued share capital of the Company and therefore NUEL is a connected person of the Company. The Deed of Capitalisation constitutes a connected transaction of the Company and is subject to the announcement, circular and Independent Shareholders' approval requirements under the GEM Listing Rules. Accordingly, NUEL is interested in 1,453,657,382 Shares, representing approximately 65.68% of the existing issued share capital of the Company, as at the date of this announcement, will abstain from voting on the resolution to approve the Deed of Capitalisation and the transactions contemplated thereunder at the EGM.

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12 month period immediately preceding this announcement, the Open Offer is not subject to Shareholders' approval under the GEM Listing Rules. Under the GEM Listing Rules, the Underwriter is regarded as a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction under Chapter 20 of the GEM Listing Rules but are, pursuant to Rule 20.31(3)(c) of the GEM Listing Rules, exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Open Offer will be carried out in compliance with Rule 10.42(1) of the GEM Listing Rules.

### **GENERAL**

The Company will convene the EGM for the purposes of considering, and if thought fit, approving, among other things, the Deed of Capitalisation and the transactions contemplated thereunder. An independent board committee of the Company will be established by the Company to give recommendation to the Independent Shareholders in respect of the Deed of Capitalisation. 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 Open Offer and the Deed of Capitalisation, the 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 on or before 26 October 2012.

## **PROPOSED OPEN OFFER**

### **Issue statistics**

Basis of the Open Offer:	One (1) Offer Share for every five (5) Shares held on the Record Date
Number of Shares in issue as at the date of this announcement:	2,213,080,849 Shares
Number of Offer Shares to be issued:	442,616,169 Offer Shares

As at the date of this announcement, there are 2,213,080,849 Shares in issue and the Company has no other outstanding options, warrants, derivatives or convertible securities in issue which confer any rights to subscribe for, convert or exchange into the Shares as at the date of this announcement.

### **Subscription Price**

The Subscription Price under the Offer Shares is HK\$0.10 per Offer Share, payable in full when a Qualifying Shareholder accepts the relevant provisional allotment under the Open Offer.

The Subscription Price represents:

- (i) a discount of approximately 4.76% to the closing price of HK\$0.1050 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a slight premium of approximately 0.60% to the average closing price of approximately HK\$0.0994 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 4.00% to the theoretical closing price of HK\$0.1042 per Share based on the closing price of HK\$0.1050 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the market price of the Shares under the prevailing market conditions and financial requirements of the Company. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company.

### **Status of the Offer Shares**

The number of Offer Shares to be issued pursuant to the terms of the Open Offer represents 20.00% of the Company's existing issued share capital and approximately 16.67% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

The Offer Shares, when allotted, issued and fully-paid, will rank pari passu with the Shares in issue in all respect. Holders of such Offer Shares will be entitled to receive full future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

### **Qualifying Shareholders**

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) if and to the extent legally and practically permissible, the Prospectus, for information purposes only, to the Non-Qualifying Shareholders.

To qualify for the Open Offer, a Shareholder must, at the close of business on the Record Date:

- (i) be registered as a member of the Company on the register of members of the Company; and
- (ii) not be a Non-Qualifying Shareholder.

In order to be registered as a member on the Record Date, Shareholders must lodge any transfers of Shares, as the case may be, together with the relevant share certificates with the Registrar, by 4:30 p.m. on Thursday, 15 November 2012.

### **Closure of register of members**

The Company's register of members will be closed from Friday, 16 November 2012 to Tuesday, 20 November 2012, both dates inclusive, for the purpose of, among other things, establishing entitlements to the Open Offer. No transfer of Share will be registered during this period.

### **Rights of Overseas Shareholders and Non-Qualifying Shareholders**

If at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside of Hong Kong, that Shareholder may not be eligible to take part in the Open Offer. The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than in Hong Kong.

In compliance with Rule 17.41 of the GEM Listing Rules, the Directors will make enquiries as to whether the issue of Offer Shares to the Overseas Shareholder may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Overseas Shareholders, no provisional allotment of Offer Shares will be made to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Non-Qualifying Shareholders. The Company will disclose the results of the enquiry in the circular and/or the Prospectus regarding the legal restrictions on the issue and allotment of Offer Shares to the Overseas Shareholders.

### **Fraction of entitlement to the Offer Shares**

Fractions of Offer Shares will not be allotted to Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Offer Shares. Any Offer Shares created from the aggregation of fractions of Offer Shares will be taken up by the Underwriter.

### **Applications for excess Offer Shares**

Qualifying Shareholders shall be entitled to apply for any Offer Shares provisionally allotted but not accepted by Qualifying Shareholders. Application may be made only by Qualifying Shareholders and only by completing an excess application form and lodging the same with a separate remittance for the excess Offer Shares being applied for. The Directors will allocate the excess Offer Shares at their discretion on a fair and equitable basis in proportion to the number of excess Offer Shares being applied for under each application.

However, no preference will be given to topping-up odd lots to whole board lots. Shareholders who have been offered odd lots of the Offer Shares should note that there is no guarantee that such odd lots of the Offer Shares will be topped up to create whole board lots pursuant to applications for excess Offer Shares. Any Offer Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter.

Investors with their Shares held by a nominee (or which are held in CCASS) should note that the Directors will regard the nominee (including HKSCC) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (or which are held in CCASS) should note that the aforesaid arrangement in relation to the allocation of excess Offer Shares will not be extended to them individually. Beneficial owners with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. Investors whose Shares are held by a nominee (or which are held in CCASS) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar by 4:30 p.m. on Thursday, 15 November 2012.

### **Share certificates for the Offer Shares**

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Offer Shares on or before Thursday, 13 December 2012 by ordinary post at their own risk.

### **Application for listing of the Offer Shares on the Stock Exchange**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

### **Offer Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

## **UNDERWRITING ARRANGEMENTS**

### **Underwriting Agreement**

Date:	28 September 2012
Underwriter:	NUEL
Number of Offer Shares:	442,616,169 new Shares
Number of Underwritten Shares:	151,884,693 Offer Shares
Commission:	Nil

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite the Underwritten Shares subject to terms and conditions set out in the Underwriting Agreement in particular the fulfillment of the conditions contained therein. NUEL is a controlling Shareholder as at the date of this announcement and holding approximately 65.68% of the existing issued share capital of the Company. The ordinary course of business of NUEL does not include underwriting.

Pursuant to the Underwriting Agreement, the Underwriter shall subscribe for the Untaken Shares for which it is called upon to subscribe and the Underwriter shall, as payment to the Company, apply such amount of the Capitalised Amount to fully set-off the Subscription Price in respect of the Untaken Shares less the aggregate of any amount payable to it.

### **Conditions of the Open Offer**

The obligations of the Underwriter under the Underwriting Agreement are conditional upon:

1. the passing by the Independent Shareholders at the EGM of the necessary resolution(s) approving, among others, the Deed of Capitalisation and the transactions contemplated thereunder;
2. the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong, respectively, one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution(s) of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance;
3. the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus for information purpose only and a letter in the agreed form to the Non-Qualifying Shareholders, if any, explaining the circumstances in which they are not permitted to participate in the Open Offer on the Prospectus Posting Date;
4. the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Offer Shares by no later than the first day of their dealings as stated in the Prospectus;
5. compliance by the Underwriter of the terms of the Undertaking Letter on or before 4:00 p.m. on the Latest Date for Acceptance;
6. compliance with and performance of all undertakings and obligations of the Company pursuant to the terms and conditions of the Underwriting Agreement; and
7. the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof.

In the event that the above conditions precedent (other than the conditions precedent in Clauses 1 to 5 which cannot be waived, the Underwriter can waive the conditions under Clauses 6 and 7) (to the extent such conditions are waivable) have not been satisfied or waived (as the case may be) in whole or in part by the Company (in respect of Clauses 1 to 4 and 6) or the Underwriter (in respect of Clause 7 (as the case may be) on or before the Latest Time for Termination (or the relevant dates set out herein), all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party for costs, damages, compensation or otherwise save for antecedent breaches (if any).

### **IRREVOCABLE UNDERTAKING**

Pursuant to the Undertaking Letter, NUEL has irrevocably undertaken to the Company that, among others, (1) NUEL will remain as the beneficial owner of 1,453,657,382 Shares up to and including the Latest Date for Acceptance; and (2) NUEL will subscribe for 290,731,476 Offer Shares, being its full entitlement under the Open Offer, by lodging application acceptance in respect of all such Offer Shares with payment in full therefore before 4:00 on the Latest Date for Acceptance. NUEL will apply an aggregate amount of HK\$29,073,147.60, being the outstanding principal amount due to NUEL under unsecured interest free loans advanced by NUEL to the Company and its subsidiaries pursuant to the Loan Agreement and Loan Deed, to fully set-off the payment for its entitlement to the 290,731,476 Offer Shares.

### **TERMINATION OF THE UNDERWRITING AGREEMENT**

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:–

- A. any material breach of any of the representations, warranties or undertakings contained in clauses below comes to the knowledge of the Underwriter; or
- B. any specified event comes to the knowledge of the Underwriter.

If, prior to the Latest Time for Termination:–

- (1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the sole and reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
  - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (2) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and reasonable opinion of the Underwriter are likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
  - (3) there is any change in the circumstances of the Company or any member of the Group which in the sole and reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
  - (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement, Circular or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
  - (5) the circular, prospectus or announcements of the Company published since the date of this Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or GEM Listing Rules or any applicable regulations) which has not prior to the date of this Agreement been publicly announced or published by the Company and which may in the sole and reasonable opinion of the Underwriter are material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the Open Offer provisionally allotted to it,

the Underwriter shall be entitled to by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

## **THE DEED OF CAPITALISATION**

On 28 September 2012, the Company and New Sinotech entered into the Deed of Capitalisation with NUEL, pursuant to which NUEL wishes to apply the Capitalised Amount to satisfy (i) the subscription monies payable by NUEL for its assured entitlement to 290,731,476 Offer Shares under the Open Offer, and (ii) the subscription monies payable by NUEL for those (if any) of the underwritten 151,884,693 Offer Shares not taken up by the Qualifying Shareholders under the Open Offer and not applied for by the Qualifying Shareholders under the excess application, on the terms but subject to the conditions of the Deed of Capitalisation and the Company agrees to capitalise the Capitalised Amount.

### **Capitalised Amount**

As at the date of this announcement, (i) Loan I in the approximate amount of HK\$26,080,000 was due by the Company to NUEL under the Loan Agreement and (ii) Loan II in the approximate amount of HK\$36,083,920.17 was due by New Sinotech, a 98% indirectly owned subsidiary of the Company, to NUEL under the Loan Deed. Under the terms of the Loan Agreement and Loan Deed, the respective Loan I and Loan II are payable on demand. NUEL will make a demand for repayment of the Capitalised Amount due after the Record Date.

The Capitalised Amount will amount up to the maximum amount of HK\$44,261,616.90, comprising of HK\$26,080,000 of Loan I and up to HK\$18,181,616.90 of Loan II.

### **Conditions of the Deed of Capitalisation**

The capitalisation of the Capitalised Amount under the Deed of Capitalisation is conditional upon:

- (a) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) approving the Deed of Capitalisation and the transactions contemplated thereunder; and
- (b) the fulfillment of the conditions of the Underwriting Agreement and the Underwriting Agreement not being terminated.

All the conditions above cannot be waived by the parties of the Deed of Capitalisation. If the conditions set out above have not been fulfilled by the Company on or before the Latest Time for Termination (or such other date as the parties may agree), Deed of Capitalisation shall terminate (save in respect of any rights and obligations which may accrue under the Deed of Capitalisation prior to such termination) and none of the Company, NUEL or New Sinotech shall have any claim against the other parties for costs, damages, compensation or otherwise save for any antecedent breach (if any).

### **Capitalisation of the Capitalised Amount**

Upon fulfilment of the above conditions of the Deed of Capitalisation, the Company will issue a written notice setting out the exact Capitalised Amount (“Notice”) to NUEL, and upon receipt of the Notice, NUEL shall execute the Novation Deed with the Company and New Sinotech.

Subject to the fulfillment of the above conditions of the Deed of Capitalisation, in consideration of NUEL agreeing to enter into the Deed of Capitalisation and to perform its obligations under the Deed of Capitalisation, pursuant to the Undertaking Letter and the Underwriting Agreement, upon execution of the Novation Deed, the Company shall apply the whole of Loan I, in the amount of HK\$26,080,000; and such amount of Loan II as set out in the Notice, towards satisfaction of the amount of HK\$29,073,147.60 due from NUEL in respect of its entitlement to the 290,731,476 Offer Shares under the Open Offer and such amount of subscription monies payable by NUEL for those (if any) of the underwritten 151,884,693 Offer Shares not taken up by the Qualifying Shareholders under the Open Offer and not applied for by the Qualifying Shareholders under the excess application.

Pursuant to the Deed of Capitalisation, NUEL also acknowledges and confirms that upon capitalisation of the Capitalised Amount, the Company and New Sinotech shall no longer be indebted to NUEL in respect of the Capitalised Amount.

### **REASONS FOR THE OPEN OFFER AND THE DEED OF CAPITALISATION AND THE USE OF PROCEEDS**

The Group is principally engaged in (i) the environmental treatment of industrial and medical wastes; (ii) the environmental treatment and recycling of industrial sewage and sludge in an eco-plating specialized zone; (iii) the manufacture and sale of molds and plastic injection products; (iv) trading of plastic materials; and (v) the investments in plastic materials dyeing operations, in the PRC.

Upon the full subscription of the Offer Shares and assuming no further Shares have been allotted and issued from the date hereof to the Record Date, the Company would receive gross proceeds of HK\$44,261,616. Pursuant to the Deed of Capitalisation, NUEL will apply the Capitalised Amount to satisfy (i) the subscription monies payable by NUEL for its assured entitlement to 290,731,476 Offer Shares under the Open Offer, and (ii) the subscription monies payable by NUEL for the Untaken Shares, on the terms but subject to the conditions of the Deed of Capitalisation.

As at 30 June 2012, the net gearing ratio of the Group is at 40.9%. By capitalising the Capitalised Amount, the liabilities of the Group will be reduced and thereby reducing the net gearing level of the Group upon completion of the Open Offer.

In the event NUEL is called upon to subscribe for all the Underwritten Shares in addition to the 290,731,476 Offer Shares undertaken to be subscribed by it pursuant to the Undertaking Letter, the Company will capitalise the Capitalised Amount up to the maximum amount of HK\$44,261,616.90 and apply such Capitalised Amount to satisfy the subscription monies payable and thereby reducing the liabilities of the Company without cash outflow. In such case, the Company will settle the expected expenses in relation to the Open Offer of approximately HK\$1,450,000 with cash from its current assets, which effectively reduces the net gearing ratio of the Group to approximately 31.2% based on the gearing ratio as at 30 June 2012.

In the event that the Qualifying Shareholders (other than NUEL) take up and subscribe for all the Underwritten Shares and NUEL will then only subscribe for the 290,731,476 Offer Shares undertaken to be subscribed by it pursuant to the Undertaking Letter, the Company will capitalise HK\$29,073,147.60 of the Capitalised Amount and apply such Capitalised Amount to satisfy the subscription monies payable by NUEL and thereby reducing the liabilities of the Company without cash outflow. The Company will use the net proceeds in cash to be received from any other Independent Shareholders who subscribe for their entitlement under the Open Offer to settle the expected expenses in relation to the Open Offer of approximately HK\$1,450,000 and the remaining balance will be applied for working capital purpose. The net gearing ratio of the Group will also be effectively reduced to approximately 31.2% based on the gearing ratio as at 30 June 2012 in this scenario.

In the first scenario, the total assets of the Group upon completion of the Open Offer will be reduced by the cash outflow for the expenses for the Open Offer. As such, the gearing ratio of the Group will be reduced to the same level under both scenarios. The Directors (excluding the independent non-executive Directors who will give their view after taking into consideration of the advice of independent financial adviser) accordingly consider that the Deed of Capitalisation is in the interests of the Company and the Shareholders as a whole.

The Directors have considered other alternative fund raising methods such as issue of new shares and bank borrowings and consider that the Open Offer has the benefits of allowing the Qualifying Shareholders to maintain their respective pro rata shareholdings if they take up their entitled Offer Shares and participate in the future growth of the Group. Furthermore, compared to rights issue, the absence of trading nil paid rights in the Open Offer reduces associated administrative work and costs thus requiring less time for completion.

Based on the aforesaid and taking into account that the Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Group, the Board considers that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole.

## WARNING OF THE RISKS OF DEALING IN SHARES

The Open Offer is conditional upon the obligations of the Underwriter under the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Shareholders and potential investors should therefore exercise caution when dealing in Shares, and if they are in any doubt about their positions, they should consult their professional advisers. Shareholders should note that Shares will be dealt in on an entitlement basis commencing from Wednesday, 14 November 2012 and that dealings in Shares will take place while the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled, will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser.

## CHANGES IN THE SHAREHOLDING STRUCTURE

The following is the shareholding structure of the Company immediately before and after completion of the Open Offer (for illustration purpose only):

Shareholder	At the date of this announcement		Immediately after the Open Offer (assuming no Shareholders taking up any Offer Shares) (Note)		Immediately after the Open Offer (assuming that all Shareholders taking up their respective entitlements)	
	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage
NUEL	1,453,657,382	65.68%	1,896,273,551	71.40%	1,744,388,858	65.68%
Public Shareholders	759,423,467	34.32%	759,423,467	28.60%	911,308,160	34.32%
Total	<u>2,213,080,849</u>	<u>100.00%</u>	<u>2,655,697,018</u>	<u>100.00%</u>	<u>2,655,697,018</u>	<u>100.00%</u>

*Note: Assuming none of the Shareholders (save for NUEL who have undertaken to subscribe for, or procure the subscription of its pro-rata entitlement to Offer Shares in full under the Open Offer) take up their respective entitlements to the Offer Shares under the Open Offer and, accordingly, NUEL will subscribe for the Underwritten Shares in full pursuant to the terms of the Underwriting Agreement.*

**EXPECTED TIMETABLE**

The expected timetable for the Open Offer set out below is indicative only and it has been prepared on the assumption that the Deed of Capitalisation will be approved by the Independent Shareholders at the EGM. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

**2012**

Despatch of Company’s circular with notice of EGM .....	Friday, 26 October
Latest time for lodging form of proxy for the purpose of the EGM .....	11:00 a.m. on Saturday, 10 November
EGM .....	11:00 a.m. on Monday, 12 November
Announcement of results of EGM to be published on the Stock Exchange website .....	Monday, 12 November
Last day of dealings in Shares on cum-entitlement basis .....	Tuesday, 13 November
First day of dealing in Shares on an ex-entitlement basis .....	Wednesday, 14 November
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer .....	4.30 p.m. on Thursday, 15 November
The register of members of the Company closed .....	from Friday, 16 November to Tuesday, 20 November (both days inclusive)
Record Date .....	Tuesday, 20 November
Register of members of the Company re-opens .....	Wednesday, 21 November
Despatch of Prospectus Documents .....	Wednesday, 21 November
Latest time for acceptance of, and payment of Offer Shares .....	4:00 p.m. on Wednesday, 5 December

Latest time for the Open Offer to become unconditional  
(being the Latest Time for Termination) ..... 4:00 p.m. on  
Monday, 10 December

Announcement of results of acceptance of  
the Offer Shares to be published  
on the websites of the Stock Exchange  
and the Company on or before ..... Wednesday, 12 December

Despatch of share certificates for Offer Shares ..... Thursday, 13 December

Dealing in Offer Shares commences ..... Friday, 14 December

**EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE**

The Latest Acceptance Date will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 5 December 2012. Instead, the Latest Acceptance Date will be rescheduled to 12:00 noon on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. If the Latest Acceptance Date is postponed in accordance with the foregoing, the dates mentioned in the section headed “EXPECTED TIMETABLE” in this announcement may be affected. An announcement will be made by the Company in such event.

**FUND RAISING BY THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has not performed any fund raising activities in the past twelve months from the date of this announcement.

**GEM LISTING RULES IMPLICATIONS**

As at the date of this announcement, NUEL is interested in 1,453,657,382 Shares, representing approximately 65.68% of the existing issued share capital of the Company and therefore NUEL is a connected person of the Company. The Deed of Capitalisation constitutes a connected transaction of the Company and is subject to the announcement, circular and Independent Shareholders’ approval requirements under the Listing Rules. Accordingly, NUEL is interested in 1,453,657,382 Shares, representing approximately 65.68% of the existing issued share capital of the Company, as at the date of this announcement, will abstain from voting on the resolution to approve the Deed of Capitalisation and the transactions contemplated thereunder at the EGM.

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12 month period immediately preceding this announcement, the Open Offer is not subject to Shareholders' approval under the GEM Listing Rules. Under the GEM Listing Rules, the Underwriter is regarded as a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction under Chapter 20 of the GEM Listing Rules but are, pursuant to Rule 20.31(3)(c) of the GEM Listing Rules, exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Open Offer will be carried out in compliance with Rule 10.42(1) of the GEM Listing Rules.

## **GENERAL**

The Company will convene the EGM for the purposes of considering, and if thought fit, approving, among other things, the Deed of Capitalisation. An independent board committee of the Company will be established by the Company to give recommendation to the Independent Shareholders in respect of the Deed of Capitalisation. 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 Open Offer and the Deed of Capitalisation, the 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 on or before 26 October 2012.

## **DEFINITIONS**

“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day, (other than a Saturday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.), on which banks in Hong Kong are open for general banking business
“Capitalised Amount”	such amount up to the maximum amount of HK\$44,261,616.90, comprising of HK\$26,080,000 of Loan I and up to HK\$18,181,616.90 of Loan II
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“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
“Deed of Capitalisation”	the deed dated 28 September 2012 between the Company, New Sinotech and NUEL in relation to the capitalisation of the Capitalised Amount
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if though fit, approve the Deed of Capitalisation and the transactions contemplated thereunder
“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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than NUEL and its associates and those who are involved in or interested in the Deed of Capitalisation who are required by the GEM Listing Rules to abstain from voting in respect of the resolution(s) relating to the Deed of Capitalisation to approve the resolution at the EGM
“Last Trading Day”	28 September 2012, being the last trading day of the Shares on the Stock Exchange prior to this announcement

“Latest Date for Acceptance”	5 December 2012 or such later time or date as may be agreed between the Company and the Underwriter, being the latest date for acceptance of and payment for, the Offer Shares and excess Offer Shares in the manner as set out in the Prospectus (or such other time or date as the Underwriter and the Company may agree in writing)
“Latest Time for Termination”	4:00 p.m. on the 10 December 2012 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement (or such other time or date as the Underwriter and the Company may agree in writing)
“Loan I”	interest free loan in the amount of approximately HK\$26,080,000 as at the date of the Deed of Capitalisation owed by the Company to NUEL under the Loan Agreement
“Loan II”	interest free loan in the amount of approximately HK\$36,083,920.17 as at the date of this Deed owed by the New Sinotech to NUEL under the Loan Deed, of which such amount up to the maximum amount of HK\$18,181,616.90 will be novated to the Company pursuant to the Novation Deed
“Loan Agreement”	the loan agreement dated 6 May 2011, entered into between the Company and NUEL in respect of Loan I
“Loan Deed”	the deed of loan dated 17 February 2011 entered into between NUEL, New Sinotech, Smartech International Group Limited, Chan Son Neng, and Fair Time International Limited in respect of Loan II
“New Sinotech”	New Sinotech Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a 98% indirectly owned subsidiary of the Company

“Non-Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong are in a place where the Directors, based on legal opinions provided by the legal advisers of the relevant jurisdictions, consider it necessary or expedient not to offer the Open Offer to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Novation Deed”	the novation deed to be entered into between the Company, New Sinotech and NUEL in relation to Loan II
“NUEL” or “Underwriter”	New Universe Enterprises Limited, a limited liability company incorporated in the British Virgin Islands and is currently beneficially interested in approximately 65.68% of the issued share capital of the Company
“Open Offer”	the proposed issue of Offer Shares on the basis of one (1) Offer Share for every five (5) Shares to Qualifying Shareholders by way of open offer at the Subscription Price, pursuant to the terms and conditions of the Underwriting Agreement
“Offer Share(s)”	442,616,169 Shares to be allotted and issued pursuant to Open Offer
“Overseas Shareholder(s)”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“Prospectus”	the prospectus to be despatched to the Qualifying Shareholders together with the application form, and the excess application form and for information purposes only, the prospectus to the Non-Qualifying Shareholders, on the Prospectus Posting Date in connection with the Open Offer in such form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	the prospectus together with the application form and the excess application form

“Prospectus Posting Date”	21 November 2012 or such other date as the Underwriter may agree in writing with the Company as the date of despatch of the Prospectus Documents to the Qualifying Shareholders and for information only, the Prospectus to the Non-Qualifying Shareholders
“Qualifying Shareholder(s)”	the persons shown on the register of members of the Company at the close of business on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	20 November 2012 or such other date as the Underwriter may agree in writing with the Company as the date by reference to which entitlements to the Open Offer are expected to be determined
“Registrar”	Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, being the Company’s Hong Kong branch share registrar
“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
“Subscription Price”	HK\$0.10 per Offer Share
“trading day”	a day on which the Stock Exchange is open for trading
“Undertaking Letter”	the irrevocable undertaking letter of NUEL dated 28 September 2012 in favour of the Company as described under the paragraph headed “Irrevocable Undertaking” in this announcement
“Underwriting Agreement”	the agreement dated 28 September 2012 between the Company and the Underwriter in relation to the Open Offer
“Underwritten Shares”	up to 151,884,693 Offer Shares, being all Offer Shares deducting the Offer Shares allotted to the Underwriter on an assured basis which have been undertaken to be accepted and subscribed by it pursuant to the Undertaking Letter

“Untaken Shares”	those (if any) of the Underwritten Shares not taken up by the Qualifying Shareholders under the Open Offer and not applied for by the Qualifying Shareholders under the excess application
“HK\$”	Hong Kong dollars
“%”	per cent.

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

Hong Kong, 28 September 2012

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

*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 issuer. 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 document 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).*