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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)

DISCLOSEABLE TRANSACTION THE ASSET SWAP AGREEMENT

On 19 July 2013, NURL, an indirectly and wholly owned subsidiary of the Company, entered into the Asset Swap Agreement with JSHF, pursuant to which NURL agreed to transfer its 35% equity interest in XSNU to JSHF for a consideration of HK\$11,200,000 and JSHF agreed to transfer its 16% equity interest of YCNUHF to NURL for a consideration of HK\$10,560,000. Upon completion of the Asset Swap Agreement, both XSNU and YCNUHF will become 65% indirectly owned subsidiaries of the Company.

As one of the applicable percentage ratio for the Asset Swap under the GEM Listing Rules is more than 5% and less than 25%, the Asset Swap constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is only subject to the reporting and announcement requirements of the GEM Listing Rules.

THE ASSET SWAP AGREEMENT

Date: 19 July 2013

Parties: *Party A:* NURL

Party B: JSHF

JSHF is a joint stock limited company incorporated in the PRC and the shares of which are listed on Shenzhen Stock Exchange (stock code: 002496). JSHF is principally engaged in packaging, processing, manufacturing and sale of pesticides, germicides, preservatives for vegetables and herbicides.

To the best of the Directors' knowledge, information and belief after making reasonable enquiries, save for JSHF holds 51% equity interest of YCNUHF as at the date of this announcement, JSHF and its ultimate beneficial owners are third parties independent of the Company and its connected person(s).

Assets to be acquired and to be disposed of: NURL agreed to transfer its 35% equity interest in XSNU to JSHF for a consideration of HK\$11,200,000 and JSHF agreed to transfer its 16% equity interest of YCNUHF to NURL for a consideration of HK\$10,560,000

Consideration and payment

The consideration of HK\$11,200,000 for the disposal of 35% equity interest of XSNU represented 35% of the total paid-up registered capital of HK\$32,000,000 of XSNU and the consideration of HK\$10,560,000 for the acquisition of 16% equity interest of YCNUHF represented 16% of the total paid-up registered capital of HK\$66,000,000 of YCNUHF.

Pursuant to the Asset Swap Agreement, the considerations of the Asset Swap shall be satisfied by NURL transferring its 35% equity interest in XSNU to JSHF in exchange for JSHF's 16% equity interest in YCNUHF and the difference between two considerations of HK\$640,000 shall be payable by JSHF to NURL in cash within 30 days from the date of Completion (the "Net Cash Consideration").

In the event that JSHF fails to settle the Net Cash Consideration within 30 days from the date of Completion, JSHF will be liable to a daily penalty fee (equivalent to 0.5% of the outstanding amount calculated on a daily basis) payable to NURL but the total penalty fee shall not exceed 20% of the higher consideration of the Asset Swap Agreement in the amount of HK\$11,200,000 and NURL has the right to terminate the Asset Swap Agreement. If NURL terminates the Asset Swap Agreement, both parties shall take relevant actions to restore their respective shareholding in XSNU and YCNUHF to the original legal status immediately before the signing of the Asset Swap Agreement.

Conditions and Completion

Completion shall be conditional upon:

- (a) the Asset Swap Agreement and the transactions contemplated thereunder having been approved by the original approval authorities approving the establishment of XSNU and having obtained the relevant approval documentation and approval certificate;

- (b) the Asset Swap Agreement and the transactions contemplated thereunder having been approved by the original approval authorities approving the establishment of YCNUHF and having obtained the relevant approval documentation and approval certificate;
- (c) the Asset Swap Agreement and the transactions contemplated thereunder having been approved by the Board (if necessary) and the independent shareholders at the shareholders meeting of the Company (if necessary) or the regulatory authorities in accordance with the GEM Listing Rules; and
- (d) JSHF having obtained the approvals of the Asset Swap from its respective internal authorities.

If any of the conditions is not fulfilled by two years from the date of the Asset Swap Agreement or such other date as may be agreed by the parties to the Asset Swap Agreement in writing, the Agreement shall become terminated and the parties to the Asset Swap Agreement shall not claim for any losses from the other party. Completion shall take place on the date on which all the conditions of the Asset Swap Agreement have been fulfilled.

INFORMATION ON XSNU

XSNU is a wholly foreign-owned enterprise established in the PRC on 19 July 2011. The operating period of XSNU is 50 years for the period from 19 July 2011 to 18 July 2061. The paid up registered capital of XSNU was HK\$32,000,000. Currently, XSNU is wholly owned by NURL. Upon Completion, XSNU will become a sino-foreign joint equity company owned as to 65% by NURL and as to 35% owned by JSHF and the board of XSNU will consist of five directors, three of which will be nominated by NURL and two of which will be nominated by JSHF.

XSNU is principally engaged in the sale and development of technology of environmental protection and sewerage system and provision of consultancy service for environmental solid waste treatment. XSNU has acquired a land with area of approximately 66,660 sq.m. situated at the Xiangshui Eco-chemical Industrial Park at Xiangshui of the Yancheng City, Jiangsu Province, the PRC for the construction of the incinerating facilities comprising rotary kiln and pyrolysis system with an aggregate annual treatment capacity of approximately 9,000 metric tons of hazardous industrial solid waste. It is expected that the construction of the incinerators and related facilities of XSNU will be completed for testing by August 2013 and trial run will commence thereafter. Revenue of the XSNU will mainly comprise revenue from provision of environmental waste treatment services.

Set out below are certain financial information of XSNU prepared in accordance with the generally accepted accounting principles in the PRC:

	PRC audited results from the date of incorporation to 31 December 2011 RMB (approximately)	PRC audited results for the year ended 31 December 2012 RMB (approximately)	Unaudited management account for the five months ended 31 May 2013 RMB (approximately)
Income statement summary			
Turnover	–	–	–
(Loss) before taxation	–	–	–
(Loss) after taxation	–	–	–
Balance sheet summary			
Net assets	20,930,000	26,163,000	26,163,000

Upon Completion, XSNU will become 65% indirectly owned subsidiary of the Company and the financial results of XSNU will continue to be consolidated to the financial statements of the Group.

INFORMATION ON YCNUHF

YCNUHF is a sino-foreign joint equity company established in the PRC on 28 June 2012. The operating period of YCNUHF is 30 years for the period from 28 June 2012 to 27 June 2042. The paid up registered capital of YCNUHF was HK\$66,000,000 (of which JSHF and NURL contributed HK\$33,660,000 and HK\$32,340,000 respectively). Currently, YCNUHF is owned as to 49% by NURL and as to 51% by JSHF. Upon Completion, YCNUHF will be owned as to 65% by NURL and as to 35% owned by JSHF and the board of YCNUHF will consist of five directors, three of which will be nominated by NURL and two of which will be nominated by JSHF.

YCNUHF is principally engaged in development of technology of environmental protection, collection, environmental and integrated treatment of medical waste, and general and hazardous industrial waste. YCNUHF acquired a land located at Dafeng Gang District Huafeng Industrial Park at Daifeng of he Yancheng City, Jiangsu Province, the PRC with a site area of approximately 39,040 sq.m. The land use rights of the site have been granted for a term expiring on 29 May 2061 for industrial use. The incinerating facilities of YCNUHF comprising mainly rotary kiln and pyrolysis system with an aggregate annual treatment capacity of approximately 15,000 metric tons of hazardous industrial solid waste have been under testing stage that is subject to the final approval of the provincial environmental authorities before it will commence trial run later in this year. Revenue of YCNUHF will mainly comprise revenue from provision of environmental waste treatment services.

Set out below are certain financial information of YCNUHF prepared in accordance with the generally accepted accounting principles in the PRC:

	PRC audited results for the year ended 31 December 2012 RMB (approximately)	Unaudited management account for the five months ended 31 May 2013 RMB (approximately)
Income statement summary		
Turnover	–	–
(Loss) before taxation	(809,049)	(1,029,000)
(Loss) after taxation	(809,049)	(1,029,000)
Balance sheet summary		
Net assets	53,105,000	52,043,000

Upon Completion, YCNUHF will be de-recognised as a 49% owned associated company of the Group and will become 65% indirectly owned subsidiary of the Company and the financial results of YCNUHF will be consolidated to the financial statements of the Group.

REASONS FOR AND BENEFITS OF THE ASSET SWAP

The Group is principally engaged in (i) the environmental treatment of industrial and medical wastes; (ii) the environmental sewage treatment and facility rental services in an eco-plating specialised zone; and (iii) the investments in plastic materials dyeing operations, in the PRC.

As mentioned in the first quarterly report 2013 of the Company, the Group will focus on environmental related businesses and continue to integrate and prioritise its resources to further specialization in environmental waste treatment and recycling operations. Given XSNU is situated at the north and YCNUHF is situated at the south side of Yancheng City, Jiangsu Province, the PRC, the Directors believe that the Asset Swap will allow the Group to cover the whole area of Yancheng City and greater area surrounding the city in order to increase the Group's capacity and market share of industrial solid waste disposal in the Yancheng City of Jiangsu Province, the PRC. The Asset Swap will also enable JSHF to participate in the investments on waste disposal operations in the city of its head office and to share the future synergistic results of two entities of similar operations in the same city.

Upon Completion, both XSNU and YCNUHF will become 65% indirectly owned subsidiaries of the Company and the financial results of XSNU and YCNUHF will be consolidated to the financial statements of the Group. Although XSNU and YCNUHF have not commenced their operations, given the positive outlook for the environmental protection industry and demand in the PRC, it is expected that both companies will have a positive impact for the Group. As such, the Directors believe that the Asset Swap is in line with the corporate strategy of the Group which includes expansion of the environmental operations. The Directors consider that the terms of the Asset Swap Agreement are of normal commercial terms and are fair and reasonable and the Asset Swap is in the interests of the Company and the Shareholders as a whole.

As at 31 December 2012, the Group's audited total assets and total liabilities were approximately HK\$778,176,000 and HK\$267,070,000 respectively. It is expected that the Asset Swap would increase the total assets and total liabilities of the Group by approximately HK\$43,420,000 and HK\$9,718,000 respectively upon Completion. It is expected that the Group will not record any material gain or loss as a result of the Asset Swap. The aforesaid financial effect of the Asset Swap is for illustration purposes only. The actual financial effect is subject to possible fair value adjustments to the carrying amounts of assets and liabilities of XSNU and YCNUHF upon Completion.

Upon Completion, the net proceeds of the Asset Swap as to approximately HK\$440,000 will be applied as the Group's general working capital.

GENERAL

As one of the applicable percentage ratio for the Asset Swap under the GEM Listing Rules is more than 5% and less than 25%, the Asset Swap constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is only subject to the reporting and announcement requirements of the GEM Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

“Asset Swap”	the disposal of 35% equity interest in XSNU from NURL to JSHF and the acquisition of 16% equity interest of YCNUHF from JSHF to NURL
“Asset Swap Agreement”	the equity interests swap agreement dated 19 July 2013 entered into between NURL and JSHF in relation to the Asset Swap
“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

“Completion”	completion of the Asset Swap Agreement
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Directors”	directors of the Company
“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
“JSHF”	江蘇輝豐農化股份有限公司(Jiangsu Huifeng Agrochemical Co., Limited), a joint stock company incorporated in the PRC
“NURL”	New Universe Recyclables Limited (新宇資源再生利用有限公司), a company incorporated in Hong Kong with limited liability and an indirectly and wholly owned subsidiary 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
“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
“XSNU”	響水新宇環保科技有限公司(Xiangshui New Universe Environmental Technology Limited, a wholly foreign-owned enterprise established in the PRC and an indirectly and wholly owned subsidiary of the Company

“YCNUHF”	鹽城新宇輝豐環保科技有限公司(Yancheng NUHF Environmental Technology Limited), a sino-foreign joint equity company established in the PRC, is owned as to 51% by JSHF and as to 49% by NURL
“HK\$”	Hong Kong dollars
“RMB”	Renminbi
%”	per cent.

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

Hong Kong, 19 July 2013

As at the date of this announcement, the Board comprises four executive directors: Mr. XI Yu (Chairman), Mr. SONG Yuqing (Vice Chairman and 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 of the Company 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 of the Company, 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 “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.