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寰宇國際控股有限公司*
UNIVERSE INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

Further to the announcement of the Company dated 3 November 2003, the Directors are pleased to announce that Universe China, a wholly-owned subsidiary of the Company, has entered into the MOU with GD Film on 5 November 2003 in relation to the proposed setting up of a sino-foreign equity joint venture company to invest in and operate cinema business in the PRC.

The MOU is not legally binding and the Proposed Transaction may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the shares of the Company.

1. The Proposed Transaction

Further to the announcement of the Company dated 3 November 2003, the directors (the “Directors”) of Universe International Holdings Limited (the “Company” and with its subsidiaries, the “Group”) are pleased to announce that Universe (China) Development Limited (“Universe China”), a wholly-owned subsidiary of the Company, has signed a non-legally binding memorandum of understanding (the “MOU”) on 5 November 2003 with 廣東省電影公司 (“GD Film”), an independent third party not connected with the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates, in relation to the proposed setting up of a sino-foreign equity joint venture company (“JV”) to invest in and operate cinema business in the PRC (the “Proposed Transaction”).

2. Key terms of the MOU

Subject to the negotiation and the signing of a legally binding formal agreement, key terms of the MOU are set out as follows for information purpose only:

Date: 5 November 2003

Parties: (1) Universe China
(2) GD Film

Proposed scope of business: The principal business of JV will be the investment in construction and modification of cinemas in the PRC and the operation of cinemas invested by JV in the PRC. It will firstly invest in the Guangdong province of the PRC.

Main operation area:	The PRC
Registered capital:	Universe China will be the controlling shareholder of JV but the exact shareholding percentage and amount of the registered capital of JV shall be determined later.
Capital contribution:	Each of Universe China and GD Film shall, in proportion to their shareholdings, contribute the necessary funds in form of cash for the establishment of JV.
Board of directors:	The board of directors of JV shall comprise five directors; of which, Universe China is entitled to appoint three directors and GD Film is entitled to appoint two directors.
Term:	20 years from the date of issue of business licence of JV.
Pre-emptive rights of JV:	If GD Film intends to sell any of its cinemas and/or other cinema related businesses, including but not limited to its film advertising business, JV will have a pre-emptive right to acquire such businesses.
Profit sharing:	Universe China and GD Film will share JV's after-tax profits (after deducting the relevant amount required to be retained by JV under the PRC laws) in proportion to the registered capital contributed by them in JV.

3. Reasons for the Proposed Transaction

GD Film, an enterprise established in the People's Republic of China in 1953, is principally engaged in film distribution, film exhibition, film advertising and film-related publications etc.. GD Film has a distribution network covering about 250 cinemas in the Guangdong province of the PRC.

The Directors believe that the cinema industry in the PRC is flourishing. With GD Film's extensive distribution network as well as its expertise and knowledge in operating cinemas in the PRC, the Directors believe that the setting up of JV will have a synergy effect to the Group which allows the Group to expand and diversify its operation and businesses in the areas of operating cinemas and cinema-related businesses in the PRC. The Directors further believe that this new direction of business under the Proposed Transaction is in line with its principal business of distribution of films in various videogram formats, licensing and sub-licensing of film rights, film exhibition and leasing of investment property and machineries for replication of optical disc and is beneficial to the Group as well as the shareholders of the Company as a whole.

The MOU is not legally binding and the Proposed Transaction may or may not proceed. A further announcement in relation to the Proposed Transaction will be made by the Company as and when appropriate. Shareholders and investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Universe International Holdings Limited
Lam Shiu Ming, Daneil
Chairman and Managing Director

Hong Kong, 5 November 2003

** For identification purpose only*

Please also refer to the published version of this announcement in the International Herald Tribune.