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UNIVERSE INTERNATIONAL HOLDINGS LIMITED

寰宇國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1046)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

PLACING AND SUBSCRIPTION OF SHARES

On 4 August 2011 (after trading hours), the Subscriber, the Company and the Placing Agent entered into the Placing and Subscription Agreement whereby,

- (i) the Subscriber agreed to dispose of up to 324,000,000 Placing Shares and the Placing Agent agreed to procure not less than six Placees to purchase the Placing Shares at the Placing Price of HK\$0.115 per Placing Share on a best effort basis; and
- (ii) the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for up to 324,000,000 Subscription Shares at the Subscription Price of HK\$0.115 per Subscription Share subject to the conditions of the Subscription.

The Placing Shares or the Subscription Shares of up to 324,000,000 Shares represent approximately 19.94% of the existing issued share capital of the Company and approximately 16.63% of the total number of issued Shares of 1,948,605,370 Shares as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

The Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM held on 29 November 2010. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued pursuant to the Subscription.

The Placing is unconditional. The completion of the Subscription is subject to the fulfillment of the conditions stated in the section headed “Conditions of the Subscription” in this announcement.

* for identification purpose only

INTRODUCTION

On 4 August 2011 (after trading hours), the Subscriber, the Company and the Placing Agent entered into the Placing and Subscription Agreement whereby, (i) the Subscriber agreed to dispose of up to 324,000,000 Placing Shares and the Placing Agent agreed to procure not less than six Placees to purchase the Placing Shares at the Placing Price of HK\$0.115 per Placing Share on a best effort basis; and (ii) the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for up to 324,000,000 Subscription Shares at the Subscription Price of HK\$0.115 per Subscription Share subject to the conditions of the Subscription.

PLACING AND SUBSCRIPTION AGREEMENT

Date

4 August 2011 (After trading hours)

Parties

- (a) the Subscriber;
- (b) the Company; and
- (c) the Placing Agent.

THE PLACING

The Placing Agent

Polaris Securities (Hong Kong) Limited, to the best of the Directors' knowledge, information and belief having made all reasonable inquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent has agreed to procure not less than six Placees to purchase up to 324,000,000 Placing Shares at the Placing Price of HK\$0.115 per Placing Share on a best effort basis during the Placing Period.

Placees

Under the Placing and Subscription Agreement, the Placing Agent has undertaken to use its best endeavours to ensure that the Placees and (if applicable) their respective ultimate beneficial owner(s) are Independent Third Parties. It is expected that the Placing Shares will be placed to not less than six Placees on a best effort basis and none of the Placees will become substantial shareholder(s) immediately after the Placing.

Placing Price

The Placing Price is HK\$0.115 per Placing Share and represents:

- (i) a discount of approximately 19.0% to the closing price of HK\$0.142 per Share as quoted on the Stock Exchange on 4 August 2011, being the date of the Placing and Subscription Agreement; and
- (ii) a discount of approximately 14.8% to the average of the closing prices per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the date of the Placing and Subscription Agreement of approximately HK\$0.135.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company, the Subscriber and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing and Subscription Agreement are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Placing Shares

As at the date of this announcement, the Company has 1,624,605,370 Shares in issue. The maximum number of 324,000,000 Placing Shares represents (i) approximately 19.94% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.63% of the total number of issued Shares of 1,948,605,370 Shares as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

Placing commission

The Placing Agent shall receive a placing commission of 1.0% of the aggregate Placing Price of the Placing Shares successfully placed.

Completion

The Placing is unconditional. Completion will take place on the Placing Completion Date or such later date as the Subscriber and the Placing Agent shall agree.

THE SUBSCRIPTION

The Subscriber

The Subscriber, Globalcrest Enterprises Limited, as at the date of this announcement, is wholly held by Central Core Resources Limited, the trustee of a discretionally trust under which certain immediate family members of Mr. Lam Shiu Ming, Daneil, the chairman of the Company and an executive Director and is the controlling shareholder of the Company and was interested in 859,131,705 Shares, representing approximately 52.88% of the existing issued share capital of the Company.

Subscription Shares

The Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, up to 324,000,000 Subscription Shares which is equivalent to the number of the Placing Shares successfully placed under the Placing. The Subscription Shares, if subscribed in full, represent approximately 19.94% of the existing issued share capital of the Company and approximately 16.63% of the total number of issued Shares of 1,948,605,370 Shares as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

The aggregate nominal value of the 324,000,000 Subscription Shares is HK\$6,480,000.

Subscription Price

The Subscription Price for the Subscription Shares is HK\$0.115 per Subscription Share which is same as the Placing Price.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the Placing Price. The Directors (including the independent non-executive Directors) consider that the terms of the Placing and Subscription Agreement are fair and reasonable and that the Subscription is in the interests of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the existing Shares in issue on the completion date of the Subscription.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for granting of the listing of, and permission to deal in, the Subscription Shares.

Conditions of the Subscription

The Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in, the Subscription Shares; and
- (ii) completion of the Placing pursuant to the Placing and Subscription Agreement.

In the event that the above conditions are not fulfilled on or before 18 August 2011, all rights, obligations and liabilities of the parties under the Placing and Subscription Agreement shall cease and determine and none of the Company and the Subscriber hereto shall have any claim against any other in respect of the Subscription save for rights and remedies accrued prior to such termination.

As the Subscription is subject to the fulfillment of the above conditions, the Subscription may or may not proceed to completion. Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

Completion of the Subscription

Completion of the Subscription will take place on the next Business Day after the above conditions have been fulfilled unless the Subscriber and the Company shall otherwise agree in writing. Under Rule 14A.31(3)(d) of the Listing Rules, completion of the Subscription is required to take place within 14 days after the date of the Placing and Subscription Agreement otherwise independent Shareholders' approval would be required for the Subscription.

General Mandate to issue the Subscription Shares

The Subscription Shares will be issued and allotted under the General Mandate granted to the Directors at the AGM held on 29 November 2010 for 324,921,074 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. As at the date this announcement, the Board confirms that no Share has been allotted and issued pursuant to the said ordinary resolution. Accordingly, the Subscription is not subject to Shareholders' approval.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities in the 12 months prior to the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing (assuming all Placing Shares are sold) but before completion of the Subscription; and (iii) after the completion of the Placing and the Subscription (in each case assuming that there is no other change in the issued share capital of the Company from the date of this announcement except for the issue of Subscription Shares) will be as follows:

	As at the date of this announcement		Immediately after completion of the Placing (assuming all Placing Shares are sold) but before completion of the Subscription		After the completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>Approx %</i>	<i>Number of Shares</i>	<i>Approx %</i>	<i>Number of Shares</i>	<i>Approx %</i>
Globalcrest Enterprises Limited						
(Note)	859,131,705	52.88%	535,131,705	32.94%	859,131,705	44.09%
Placees	—	—	324,000,000	19.94%	324,000,000	16.63%
Other public shareholders (excluding the Placees)	765,473,665	47.12%	765,473,665	47.12%	765,473,665	39.28%
Total	<u>1,624,605,370</u>	<u>100.00%</u>	<u>1,624,605,370</u>	<u>100.00%</u>	<u>1,948,605,370</u>	<u>100.00%</u>

Note: The entire issued share capital of Globalcrest Enterprises Limited is held by Central Core Resources Limited, the trustee of a discretionary trust under which certain immediate family members of Mr. Lam Shiu Ming, Daneil are discretionary objects.

REASONS FOR AND BENEFIT OF THE PLACING AND SUBSCRIPTION

The Group is principally engaged in the business of distribution of films in various videogram formats, licensing and sub-licensing of film rights and film exhibitions and leasing of investment properties.

The Directors consider the Placing and Subscription offers a good opportunity for the Company to raise further capital, to broaden its shareholders' and capital base as well as to strengthen the financial position of the Group.

Assuming all the Placing Shares are successfully placed by the Placing Agent and the Subscription becoming unconditional, the gross proceeds of the Subscription will be approximately HK\$37.3 million and the net proceeds will be approximately HK\$36.8 million after deducting all related expenses (including professional advisors fees and printing costs). The Company intends to apply the net proceeds as general working capital.

The net price to be raised per Share from the Subscription will be approximately HK\$0.113 per Subscription Share. The Directors consider that the terms of Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 29 November 2010
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for business throughout their business hours
“Company”	Universe International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the AGM to issue and allot up to 324,921,074 Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the AGM
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who is(are) independent of and not connected with the Company or any member of the Group, their respective directors, chief executives or substantial shareholders, or any of their respective associates, and otherwise not connected persons of the Company
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any independent institutional, professional and/or individual investors who are not concert parties with the controlling Shareholder(s) (if any) (as defined under the Takeovers Code), and not connected with any directors, chief executive or substantial Shareholder(s) (if any) of the Company or its subsidiaries and their respective associates
“Placing”	the placing of up to 324,000,000 Placing Shares at the Placing Price pursuant to the terms of the Placing and Subscription Agreement
“Placing Agent”	Polaris Securities (Hong Kong) Limited, a licensed corporation to carry on, <i>inter alia</i> , type 1 (dealing in securities) regulated activity for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	the conditional placing and subscription agreement entered into between the Company, the Subscriber and the Placing Agent dated 4 August 2011 in relation to the Placing and the Subscription
“Placing Completion Date”	12 August 2011, or such later date as the Subscriber and the Placing Agent shall agree
“Placing Period”	the period commencing from the date of the Placing and Subscription Agreement up to Placing Completion Date
“Placing Price”	HK\$0.115 per Placing Share
“Placing Share(s)”	a maximum of 324,000,000 Shares to be placed under the Placing
“Share(s)”	the ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Globalcrest Enterprises Limited, the controlling shareholder of the Company

“Subscription”	the subscription of up to 324,000,000 Subscription Shares at the Subscription Price by the Subscriber pursuant to the terms of the Placing and Subscription Agreement
“Subscription Price”	HK\$0.115 per Subscription Share, which equivalents to the Placing Price
“Subscription Shares”	a maximum of 324,000,000 new Shares, being the number of the Placing Shares actually placed by the Placing Agent on behalf of the Subscriber pursuant to the terms of the Placing and Subscription Agreement
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of
Universe International Holdings Limited
Lam Shiu Ming, Daneil
Chairman

Hong Kong, 4 August 2011

As at the date of this announcement, the Board comprises Mr. Lam Shiu Ming, Daneil and Mr. Yeung Kim Piu as executive Directors and Mr. Ng Kwok Tung, Dr Leung Shiu Ki, Albert and Mr. Ma Chun Fung, Horace as independent non-executive Directors.