

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



UNIVERSE INTERNATIONAL HOLDINGS LIMITED

寰宇國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1046)

ISSUE OF CONVERTIBLE NOTE UNDER SPECIFIC MANDATE TO THE SHAREHOLDERS WHICH OWN 52% EQUITY INTEREST IN AGGREGATE OF GUIZHOU COLORFUL AND RESUMPTION OF TRADING

SUBSCRIPTION AGREEMENT

After trading hours on 14 November 2013, the Company and the Subscribers entered into the Subscription Agreement pursuant to which the Subscribers have agreed to subscribe for the Convertible Note in the aggregate principal amount of HK\$95,000,000 with the conversion rights attached to the Convertible Note at the initial Conversion Price of HK\$0.50 per Conversion Share.

The Subscribers, in aggregate, own 52% equity interest in Guizhou Colorful, in which, Guangda Energy and Fengrui Investment, own 15% and 37% equity interest respectively in Guizhou Colorful. Guizhou Colorful is a limited liability company established in the PRC, which is responsible for the construction, management and operation of the development project of Colorful Guizhou Town, a commercial, leisure and tourism site to be constructed in Guiyang City, PRC. As disclosed in the announcement of the Company dated 30 October 2013, Universe Culture, a wholly-owned subsidiary of the Company, and Guizhou Colorful has entered into a cooperative framework agreement in relation to the proposed cooperation in development project of Colorful Guizhou Town.

The Subscription is conditional upon satisfaction of the conditions precedent as set out in the Subscription Agreement.

* for identification purposes only

Assuming the conversion rights attached to the Convertible Note are exercised in full at the initial Conversion Price of HK\$0.50 per Conversion Share, a maximum of 190,000,000 Conversion Shares will be allotted and issued, representing approximately 11.07% of the issued share capital of the Company as at the date of this announcement and approximately 9.97% of the issued share capital as enlarged by the issue of the Conversion Shares. The Conversion Shares, upon issue, shall rank pari passu in all respects with the Shares then in issue.

The gross proceeds and the net proceeds from the issue of the Convertible Note will be HK\$95,000,000 and approximately HK\$94,700,000 respectively. The Company intends to utilise the net proceeds from the Subscription for general working capital and for development of new investment opportunities including but not limited to online entertainment and other cultural-related businesses. The proceeds from the Subscription, to the extent that the above intended uses have not yet been implemented, may be used by the Group for treasury purposes.

The Company will allot and issue the Conversion Shares under the Specific Mandate. The SGM will be held to consider, and if thought fit, pass a resolution to approve the creation of the Convertible Note and the issue of the Conversion Shares.

A circular containing, among other things, (i) further information of the Subscription Agreement; and (ii) a notice of the SGM will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 15 November 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 18 November 2013.

THE SUBSCRIPTION AGREEMENT

After trading hours on 14 November 2013, the Company and the Subscribers entered into the Subscription Agreement pursuant to which the Subscribers have agreed to subscribe for the Convertible Note in the aggregate principal amount of HK\$95,000,000.

Date

14 November 2013

Parties

Issuer: The Company

Subscribers: (1) Fengrui Investment; and
(2) Guangda Energy

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, each of the Subscribers and its ultimate beneficial owners is an Independent Third Party.

Subject matter of the Subscription Agreement

The Company has conditionally agreed to issue to the Subscribers and the Subscribers has conditionally agreed to subscribe (or nominate its subsidiary to subscribe) for, the Convertible Note in the aggregate principal amount of HK\$95,000,000 at the face value of the principal amount, as to HK\$67,600,000 by Fengrui Investment and as to HK\$27,400,000 by Guangda Energy.

Major terms of the Convertible Note

Issuer	: The Company
Total principal amount	: HK\$95,000,000, as to HK\$67,600,000 by Fengrui Investment and as to HK\$27,400,000 by Guangda Energy
Issue price	: At the face value of the principal amount of the Convertible Note.
Interest	: The Convertible Note will bear interest on the principal amount outstanding from and including the issue date of the Convertible Note at the rate of 5% per annum.
Maturity Date	: A day which is the second anniversary of the issue date, or, if that is not a Business Day, the first Business Day thereafter.
Conversion rights	: The Noteholder shall have the right to convert the whole or any part (in denominations of HK\$1,000,000, or the remaining part thereof if it is less than HK\$1,000,000) of the principal amount of the Convertible Note into Conversion Shares at the Conversion Price at any time during the Conversion Period.
Conversion Shares	: Assuming the conversion rights attached to the Convertible Note are exercised in full at the initial Conversion Price of HK\$0.50 per Conversion Share, a maximum of 190,000,000 Shares will be allotted and issued, representing approximately 11.07% of the issued share capital of the Company as at the date of this announcement and approximately 9.97% of the issued share capital as enlarged by the Conversion Shares. The nominal value of such Conversion Shares will be HK\$3,800,000 and the net price for each Conversion Share will be HK\$0.4984.
Conversion Price	: Initially HK\$0.50 per Conversion Share, subject to adjustments as summarised below. The initial Conversion Price represents: (a) a premium of approximately 23.46% over the closing price of HK\$0.405 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and

- (b) a premium of approximately 26.90% over the average closing price of HK\$0.394 per Share as quoted on the Stock Exchange for the last five trading days ended on and including the date of the Subscription Agreement.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market price of the Shares.

The Conversion Price shall from time to time be adjusted upon the occurrence of any consolidation or sub-division of the Shares in issue or a capitalisation of profits or reserves by the ratio of the number of Shares in issue immediately after such alteration against the number of Shares in issue immediately before such alteration. Such adjustment shall be effective from the close of business in Hong Kong on the day on the date on which the consolidation or sub-division or capitalisation becomes effective.

Other than the above, there are no other adjustments to the Conversion Price under the terms and conditions of the Convertible Note.

- | | | |
|--------------------------------------|---|---|
| Conversion Period | : | The period commencing on the date of first issue of the Convertible Note and up to 10 Business Days immediately before the Maturity Date (both dates inclusive). |
| Redemption | : | <ul style="list-style-type: none">(a) The Company shall redeem the Convertible Note on the Maturity Date at the redemption amount which is 100% of the principal amount of the Convertible Note then outstanding together with all interest accrued but not paid.
(b) Upon the occurrence of an event of default under the terms and conditions of the Convertible Note, the Noteholder may request the Company to redeem the Convertible Note then outstanding at an amount which is 100% of the principal amount of the Convertible Note then outstanding together with all interest accrued but not paid. |
| Lock-up period for Conversion Shares | : | The Conversion Shares are not subject to any lock-up period. |
| Transferability | : | The Convertible Note may, with the prior written consent of the Company at its sole and absolute discretion, be transferred to any person before the Maturity Date, provided that where the Convertible Note is transferred to a connected person of the Company, such transfer shall also be subject to the requirement of the Stock Exchange. Notwithstanding the aforesaid requirement, any transfer of the Convertible Note to Guizhou Colorful does not require the consent of the Company. |
| Voting | : | The Noteholder will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the Noteholder. |

- Listing : No application will be made for the listing of the Convertible Note. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon conversion of the Convertible Note.
- Ranking of Conversion Shares : The Conversion Shares will rank pari passu in all respects among themselves and with other Shares in issue on the conversion date of the Convertible Note.
- Events of Default : The following events constitute events of default:
- (a) subject to the condition under the Convertible Note conferring the right to the Company to redeem the then entire outstanding amount of the Convertible Note, the number of shares of the company is not sufficient to enable the Company to fulfill its obligations in relation to the exercise of the conversion rights attaching to the Convertible Note;
 - (b) the Company materially defaults in performance or compliance with any of its obligations contained in the conditions of the Convertible Note (but not including those regarding the payment of principal amount in the Convertible Note) and that the Company fails to remedy such defaults within 14 days after receiving a written notice from the holder of the Convertible Note;
 - (c) an order is made or an effective resolution passed for dissolution or winding-up of the Company or disposal of its entire (or nearly all) of the assets, unless the aforementioned dissolution, liquidation or disposal is due, or relating to, or immediately thereafter any merger, consolidation or reorganisation;
 - (d) the appointment of any administrator, liquidator or receiver of the Company or the whole or any material part of the undertaking, property, assets or revenues of the Company;
 - (e) an encumbrancer takes possession (whether by way of distress, attachment, execution, seizure before or after judgment or by other legal process) or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company or any of its major subsidiaries and is not discharged, paid out, withdrawn or remedied within 30 days; or
 - (f) the listing of the Shares on the Stock Exchange ceases or is suspended for a continuous period of 180 trading days.

Conditions precedent to the Subscription Agreement

The obligations of the Company and the Subscribers to effect completion under the Subscription Agreement are conditional upon the following conditions being fulfilled (or waived, as the case may be):

- (a) the Stock Exchange having granted approval for the listing of, and permission to deal in, the Conversion Shares;
- (b) the Shareholders at general meeting of the Company having approved the creation of the Convertible Note and the allotment and issue of the Conversion Shares;
- (c) the Subscribers having obtained (1) all necessary internal approvals and consents of the Subscribers and such approvals and consents shall have satisfied the requirements under its articles of association; and (2) all necessary approvals and consents to be granted by the relevant organisations of the PRC, including but not limited to the National Development and Reform Commission of the PRC, the Ministry of Commerce of the PRC and SAFE) required for the transactions contemplated under the Subscription Agreement and the payment for the principal amount of the Convertible Note;
- (d) the parties to the Subscription Agreement having satisfied or obtained all relevant statutory and regulatory requirements, approvals and consents (including but not limited to the Listing Rules, the articles and association of the Company and laws and regulations of Hong Kong) in relation to the transactions contemplated under the Subscription Agreement; and
- (e) the warranties given by the parties under the Subscription Agreement remaining true and accurate in all material respects.

None of the above conditions (a), (b), (c) and (d) is capable of being waived by the parties. The Subscribers may waive the above condition (e) by written notice to the Company. If any of the above conditions precedent have not been fulfilled (or waived as the case may be) on or before the Long Stop Date, then the Subscription Agreement (save and except for the clauses regarding confidentiality and other general provisions) shall lapse immediately thereafter and be of no further effect and neither party to the Subscription Agreement shall have any claim against or liability or obligation to other party under the Subscription Agreement save for any antecedent breaches.

In fixing of the Long Stop Date, the parties have taken into account the fact that each of the Subscribers is a PRC entity and it may take longer time for them to complete the approval process.

Completion of the issue of the Convertible Note

Completion of the issue of the Convertible Note shall take place on the Completion Date which is the 30th Business Day after which all the above conditions precedent have been fulfilled (or waived, as the case may be) or such other date as the Company and the Subscribers may agree in writing.

On the Completion Date, the Company shall deliver to the Subscribers the certificate representing the Convertible Note duly issued in favour of the Subscribers and the Subscribers shall make payment for the principal amount of the Convertible Note.

MANDATE TO ISSUE THE CONVERSION SHARES

The allotment and issue of the Conversion Shares is subject to Shareholders' approval. The Conversion Shares will be allotted and issued under the Specific Mandate proposed to be obtained at the SGM.

CHANGES ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,716,049,795 Shares in issue. Assuming the conversion rights attached to the Convertible Note have been exercised in full at the initial Conversion Price of HK\$0.50 per Conversion Share and there is no other change in the share capital structure before such full exercise, the following table illustrates the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately upon full conversion of the Convertible Note:

	As at the date of this announcement		Immediately upon full conversion of the Convertible Note at the initial Conversion Price	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Globalcrest Enterprise Limited (<i>Note</i>)	359,131,705	20.93	359,131,705	18.84
The Subscribers	–	–	190,000,000	9.97
Other Shareholders	1,356,918,090	79.07	1,356,918,090	71.19
Total	<u>1,716,049,795</u>	<u>100.00</u>	<u>1,906,049,795</u>	<u>100.00</u>

Note: The entire issued share capital of Globalcrest Enterprise 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, an executive Director and chairman of the Company, are discretionary objects.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

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 exhibition and leasing of investment properties.

The Subscribers, in aggregate, own 52% equity interest in Guizhou Colorful, in which, Guangda Energy and Fengrui Investment, own 15% and 37% equity interest respectively in Guizhou Colorful. Guizhou Colorful is a limited liability company established in the PRC and principally engaged in property development and urban and cultural tourism project management. The other shareholder of Guizhou Colorful is 貴州省產業投資集團有限責任公司 (in English, for identification purpose only, Guizhou Province Industrial Investment Group Co., Ltd.), a PRC company established by the State-owned Assets Supervision and Administration Commission of Guizhou Province, PRC (貴州省人民政府國有資產監督管理委員會) for the purpose of financing major development projects in the Guizhou Province, PRC.

As disclosed in the announcement of the Company dated 30 October 2013, Universe Culture, a wholly-owned subsidiary of the Company, and Guizhou Colorful has entered into a cooperative framework agreement pursuant in relation to the proposed cooperation in the development project (“**Colorful Guizhou Town Project**”) of Colorful Guizhou Town (多彩貴州城), a commercial, leisure and tourism site to be constructed in Guiyang City, PRC, in which subject to (i) due diligence results on the subject matters of the cooperation framework agreement by Universe Culture; (ii) the entering into a formal agreement with Guizhou Colorful; and (iii) the compliance by the Company with the applicable requirements under the Listing Rules, Universe Culture intends to cooperate with Guizhou Colorful in the Colorful Guizhou Town Project in which Universe Culture will provide hospitality facilities design and project management services during the construction phase, and operation management services during the operation phase, of the theme park, the movie base and the high-end theatres in Colorful Guizhou Town.

The Directors consider that the Subscription represents the commitment of the Company to strengthen the cooperation between the Company and the Subscribers, which own in aggregate 52% of Guizhou Colorful, in tapping into further business opportunities in the Guizhou Province, PRC, and an opportunity to raise capital for the Group.

The gross proceeds and the net proceeds from the issue of the Convertible Note will be HK\$95,000,000 and approximately HK\$94,700,000 respectively. On such basis, the net price to the Company to each Convertible Share (based on the initial Conversion Price of HK\$0.50) is approximately HK\$0.4984. The Company intends to utilise the net proceeds from the Subscription for general working capital and for development of new investment opportunities including but not limited to online entertainment and other cultural-related businesses. The proceeds from the Subscription, to the extent that the above intended uses have not yet been implemented, may be used by the Group for treasury purposes.

The Directors consider that the terms of the Subscription Agreement and the issue of the Convertible Note pursuant to the terms thereof are fair and reasonable based on the current market conditions and in the interests of the Company and its shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

Apart from the fund raising activity mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of the net proceeds	Actual use of the net proceeds
16 September 2013	Placing of unlisted warrants (“ Warrants ”) issued by the Company at the issue price of HK\$0.0025 per unit of warrant each entitling the holder thereof to subscribe in cash for up to an aggregate amount of HK\$85,500,000 for the warrant shares at an initial subscription price of HK\$0.250, subject to adjustments, at any time for a period of 2 years commencing from the date of issue of the Warrants	(i) approximately HK\$0.6 million from the issue of the Warrants; and (ii) upon the exercise in full of the subscription rights attached to the Warrants at the initial subscription price, the Company will receive an additional amount of HK\$85.5 million.	(i) the net proceeds from the issue of the Warrants will be used by the Company as general working capital of the Group; and (ii) the net proceeds from upon the exercise in full of the subscription rights attached to the Warrants will be used for general working capital and for development of new investment opportunities	(i) the net proceeds from the issue of the Warrants has not yet been utilised; and (ii) the subscription rights attached to the Warrants has not yet been exercised by the holders of the Warrants and no proceeds have been received so far.

IMPLICATIONS UNDER THE LISTING RULES

The allotment and issue of the Conversion Shares will be subject to Shareholders' approval. The SGM will be convened and for the purposes of considering of, if thought fit, among other things, approving the creation of the Convertible Note and the grant of the Specific Mandate to issue the Conversion Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has a material interest in the transactions contemplated under the Subscription Agreement and therefore, none of the Shareholders is required to be abstained from voting at the SGM in respect of the resolution(s) relating to the creation of the Convertible Note and the grant of the Specific Mandate.

A circular containing, among other things, (i) further information of the Subscription Agreement; and (ii) a notice of the SGM will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 15 November 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 18 November 2013.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business, excluding a Saturday or Sunday or a public holiday
“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
“Completion Date”	the 30th Business Day following the date of fulfilment of all the conditions precedent as set out in the Subscription Agreement (or such other date as the parties hereto may agree in writing), where completion of the Subscription is to take place
“connected person”	has the meaning as ascribed to it in the Listing Rules
“Conversion Period”	the period commencing on the date of first issue of the Convertible Note and up to 10 Business Days immediately before the Maturity Date (both days inclusive)
“Conversion Price”	the price at which the Convertible Note can be converted into Shares, the initial price of which is fixed at HK\$0.50 per Share (subject to adjustments)

“Conversion Shares”	the shares of the Company to be issued by the Company upon exercise by the Noteholder of the conversion rights attached to the Convertible Note
“Convertible Note”	the 5% convertible note in the aggregate principal amount of HK\$95,000,000 to be issued by the Company under the Subscription
“Directors”	the directors of the Company
“Fengrui Investment”	貴州豐瑞投資有限公司 (in English, for identification purpose only, Guizhou Fengrui Investment Co., Ltd.), a limited liability company established in the PRC
“Group”	the Company and its subsidiaries
“Guangda Energy”	貴州光大能源發展有限公司 (in English, for identification purpose only, Guizhou Guangda Energy Development Co., Ltd.), a limited liability company established in the PRC
“Guizhou Colorful”	貴州多彩貴州城建設經營有限公司 (in English, for identification only, Guizhou Colorful Guizhou Town Construction Management Co., Ltd.), a limited liability company established in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2014
“Maturity Date”	the second anniversary of the date on which the Convertible Note is issued, or, if that is not a Business Day, the first Business Day thereafter
“Noteholder(s)”	holder(s) of the Convertible Note
“PRC”	the Peoples’ Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“SAFE”	The State Administration of Foreign Exchange of the PRC
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, passing the resolution to approve the creation of the Convertible Note and the grant of the Specific Mandate

“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)
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the SGM for the allotment and issue of the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Guangda Energy and Fengrui Investment, each a “Subscriber”
“Subscription”	the subscription of the Convertible Note pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 14 November 2013 entered into between the Company and the Subscribers in relation to the Subscription
“Universe Culture”	Universe Culture Investment Limited, a company incorporated in Hong Kong with limited liability, which as at the date of this announcement is a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

On behalf of the Board
Universe International Holdings Limited
Lam Shiu Ming, Daneil
Chairman and Executive Director

Hong Kong, 17 November 2013

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