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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)

PROPOSED CAPITAL REORGANISATION

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The Board proposes to implement the Capital Reorganisation which involves the following:

- (1) every 10 issued and unissued Existing Shares of HK\$0.02 each will be consolidated into 1 Consolidated Share of HK\$0.20 each and where applicable, the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation;
- (2) the issued share capital of the Company will be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.19 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01;
- (3) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.20 each will be sub-divided into 20 New Shares of HK\$0.01 each; and
- (4) the credits arising in the books of the Company from (i) the cancellation of any fraction in the issued share capital of the Company which may arise from the Share Consolidation; and (ii) the Capital Reduction of approximately HK\$47,244,000 will be credited to the contributed surplus account of the Company within the meaning of the Companies Act.

Shareholders and potential investors should note that the credits arising in the books from the Capital Reorganisation will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reorganisation becoming effective.

The New Shares will remain to be traded in board lot of 5,000 New Shares after the Capital Reorganisation having become effective.

* for identification purposes only

WARNING

Shareholders should take note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation”. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt about their position, they should consult their professional advisers.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. In compliance with the Listing Rules, all resolutions will be voted on by way of a poll at the SGM. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolutions to be proposed at the SGM. A circular containing, among other things, details of the Capital Reorganisation and a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which involves the following:

- (1) the Share Consolidation; and
- (2) the Capital Reduction and the Share Subdivision.

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 5,000,000,000 Existing Shares of HK\$0.02 each, of which 2,486,503,070 Existing Shares are allotted and issued as fully paid or credited as fully paid. On such basis, the Capital Reorganisation will involve the following steps:

(1) Proposed Share Consolidation

The Share Consolidation will be effected pursuant to which every 10 issued and unissued Existing Shares of HK\$0.02 each will be consolidated into 1 Consolidated Share of HK\$0.20 each and where applicable, the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation.

(2) Proposed Capital Reduction and Share Subdivision

- (a) The issued share capital of the Company will be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.19 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01;
- (b) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.20 each will be sub-divided into 20 New Shares of HK\$0.01 each; and

- (c) the credits arising in the books of the Company from (i) the cancellation of any fraction in the issued share capital of the Company which may arise from the Share Consolidation; and (ii) the Capital Reduction of approximately HK\$47,244,000 will be credited to the contributed surplus account of the Company within the meaning of the Companies Act.

Immediately following the Capital Reorganisation, the authorised share capital of the Company will be HK\$100,000,000 divided into 10,000,000,000 New Shares of HK\$0.01 each, of which 248,650,307 New Shares will be in issue and the aggregate nominal value of the issued share capital of the Company will be HK\$2,486,503.07, assuming that there are no other changes in the issued share capital of the Company from the date of this announcement up to the effective date of the Capital Reorganisation.

A credit of approximately HK\$47,244,000 will arise as a result of the Capital Reduction. Such credit, together with any credit which may arise as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation, will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act which will then be applied by the Board to set off against the accumulated losses of the Company by the amount of such credits on the date of the Capital Reorganisation becoming effective. The total accumulated losses of the Company was approximately HK\$81,244,000 as shown in the audited consolidated financial statements of the Company as at 30 June 2014.

Shareholders and potential investor should note that the credits arising in the books from the Capital Reorganisation will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reorganisation becoming effective.

Assuming that there are no other changes in the issued share capital of the Company from the date of this announcement and until the effective date of the Capital Reorganisation, the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately after the Share Consolidation becoming effective	Immediately after the Capital Reorganisation becoming effective
Amount of authorised share capital	HK\$100,000,000	HK\$100,000,000	HK\$100,000,000
Par Value	HK\$0.02 per Existing Share	HK\$0.20 per Consolidated Share	HK\$0.01 per New Share
Number of authorised shares	5,000,000,000 Existing Shares	500,000,000 Consolidated Shares	10,000,000,000 New Shares
Amount of issued share capital	HK\$49,730,061.40	HK\$49,730,061.40	HK\$2,486,503.07
Number of issued shares	2,486,503,070 Existing Shares	248,650,307 Consolidated Shares	248,650,307 New Shares
Amount of unissued share capital	HK\$50,269,938.60	HK\$50,269,938.60	HK\$97,513,496.93
Number of unissued shares	2,513,496,930 Existing Shares	251,349,693 Consolidated Shares	9,751,349,693 New Shares

All New Shares will rank pari passu in all respects with each other.

Under the laws of Bermuda, the Directors may apply the contributed surplus in any manner permitted by the laws of Bermuda and the bye-laws of the Company.

Fractional entitlement to New Shares

Fractions of the New Shares, if any, arising from the Capital Reorganisation will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on:

- (1) the passing of the necessary special resolution by the Shareholders to approve the Capital Reorganisation at the SGM;
- (2) the Stock Exchange granting the listing of, and the permission to deal in, the New Shares arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued (i) upon exercise of the share options granted and to be granted under the share option scheme of the Company; and (ii) upon the exercise of the subscription rights attaching to the Warrants;
- (3) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and
- (4) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Reasons for the Capital Reorganisation

The Board is of the opinion that the Capital Reorganisation will provide the Company with greater flexibility in possible fund raisings in the future. Further, the credits in the contributed surplus account within the meaning of the Companies Act arising from the Capital Reduction will enable the Company to set off its accumulated losses by the amount of such credits and may facilitate any future distribution to the Shareholders or be applied in any other manner permitted by the laws of Bermuda and the bye-laws of the Company.

The Board considers that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Effects of the Capital Reorganisation

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which are expected to be insignificant in the context of the net asset

value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reorganisation becoming effective. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Listing and dealings

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued (i) upon exercise of the share options to be granted under the share option scheme of the Company; and (ii) upon the exercise of the subscription rights attaching to the Warrants.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New 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 New 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.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may, on or after Tuesday, 17 March 2015 until Monday, 27 April 2015 (both days inclusive), submit share certificates for the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new share certificates of the New Shares (on the basis of 10 Existing Shares for 1 New Share). Thereafter, certificates of Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificates cancelled/issued is higher. After 4:30 p.m. on Monday, 27 April 2015, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for certificates for New Shares at any time but will not be accepted for delivery, trading and settlement purposes.

The colour of the new share certificates for the New Shares will be announced by the Company in due course.

No change in board lot size

At present, the Existing Shares are traded in board lots of 5,000. Upon the Capital Reorganisation becoming effective, the board lot size for trading of the New Shares will remain unchanged at 5,000.

The estimated market value per board lot of the New Shares will be HK\$4,400 (based on the adjusted closing price of HK\$0.880 per New Share assuming the Capital Reorganisation had become effective on the date of this announcement).

ARRANGEMENT ON ODD LOT TRADING

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Capital Reorganisation, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares.

Details of the odd lot arrangement will be set out in the circular in relation to the Capital Reorganisation and the convening of the SGM to be despatched to the Shareholders. Holders of odd lots of the New Shares should note that the matching of the sale and purchase of odd lots of the New Shares is not guaranteed.

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation is set out below:

Event	Date and time
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Date of despatch of circular with notice of SGM and form of proxy	on or before Wednesday, 18 February 2015
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Latest time for lodging the form of proxy	12:00 noon, Saturday, 14 March 2015
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Time and date of the SGM	12:00 noon, Monday, 16 March 2015
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Publication of announcement of results of the SGM	Monday, 16 March 2015
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The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation:

Expected effective date of the Capital Reorganisation	Tuesday, 17 March 2015
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First day for free exchange of existing share certificates for new share certificates	Tuesday, 17 March 2015
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Commencement of dealings in New Shares	9:00 a.m., Tuesday, 17 March 2015
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Original counter for trading in Existing Shares in board lots of 5,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m., Tuesday, 17 March 2015
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Temporary counter for trading in New Shares in board lots of 500 New Shares (in the form of existing share certificates) opens	9:00 a.m., Tuesday, 17 March 2015
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Original counter for trading in New Shares in board lots of 5,000 New Shares (in the form of new share certificates) re-opens	9:00 a.m., Tuesday, 31 March 2015
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Event	Date and time
Parallel trading in New Shares (in the form of new share certificates and existing share certificates) commences	9:00 a.m., Tuesday, 31 March 2015
Designated broker starts to provide matching services for odd lots of New Shares.	Tuesday, 31 March 2015
Temporary counter for trading in New Shares in board lots of 500 New Shares (in the form of existing share certificates) closes.	4:00 p.m., Thursday, 23 April 2015
Parallel trading in New Shares (in the form of new share certificates and existing share certificates) ends	4:00 p.m., Thursday, 23 April 2015
Designated broker ceases to provide matching services for odd lots of New Shares.	Thursday, 23 April 2015
Last day for free exchange of existing share certificates for new share certificates	Monday, 27 April 2015

All times and dates specified in the timetable above refer to Hong Kong times and dates.

This timetable is indicative only and any subsequent change to the expected timetable will be announced by the Company.

WARNING

Shareholders should take note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation”. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt about their position, they should consult their professional advisers.

ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

As at the date of this announcement, there are:

- (1) Existing Share Options conferring the holders thereof the right to subscribe for up to 188,721,703 Existing Shares; and
- (2) Warrants entitling the holders thereof the right to subscribe for up to 342,000,000 Existing Shares.

Adjustments to each of the Existing Share Options and the Warrants may have to be made as a result of the Capital Reorganisation becoming effective. The Company will make further announcement(s) about the adjustment(s) in due course if and when appropriate.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Shares or New Shares, as the case may be.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. In compliance with the Listing Rules, all resolutions will be voted on by way of a poll at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolutions to be proposed at the SGM. A circular containing, among other things, details of the Capital Reorganisation and a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.19 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction and the Share Subdivision
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda
“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
“Consolidated Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company immediately after the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Subdivision
“Director(s)”	the director(s) of the Company

“Existing Share Options”	collectively, (a) the share options granted to certain eligible participants under the share option scheme of the Company adopted on 26 November 2003 conferring the holders thereof the right to subscribe for up to 17,117,703 Existing Shares at a subscription price of HK\$0.067 per Existing Share (subject to adjustments) as at the date of this announcement; and (b) the share options granted to certain eligible participants under the share option scheme of the Company adopted on 2 December 2013 conferring the holders thereof the right to subscribe for up to 171,604,000 Existing Shares at a subscription price of HK\$0.1738 per Existing Share (subject to adjustments) as at the date of this announcement
“Existing Share(s)”	ordinary share(s) of HK0.02 each in the existing share capital of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every 10 issued and unissued Existing Shares into 1 Consolidated Share
“Shareholder(s)”	holder(s) of the Existing Share(s), the Consolidated Share(s) and/or the New Share(s), as the case may be
“Share Subdivision”	the proposed sub-division of each of the authorised but unissued Consolidated Shares of HK\$0.20 each into 20 New Shares of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Warrants”

the unlisted warrants issued by the Company on 25 October 2013 entitling the holders thereof to subscribe in cash for up to an aggregate amount of HK\$85,500,000 for new shares of the Company at an initial Subscription Price of HK\$0.250 per Existing Share, subject to adjustments, at any time for a period of 2 years commencing from the date of issue of the Warrants

“%”

per cent.

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

Hong Kong, 3 February 2015

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. Lam Wing Tai, Mr. Choi Wing Koon and Mr. Lam Chi Keung as independent non-executive Directors.