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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)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF POSSIBLE ACQUISITION AND DISCLOSEABLE TRANSACTION – PAYMENT OF EARNEST MONEY

POSSIBLE ACQUISITION

The Board is pleased to announce that after the trading hours on 14 July 2015, the Purchaser, a wholly-owned subsidiary of the Company, entered into a non-legally binding MOU with two Potential Sellers in respect of the Possible Acquisition of all or part of the Potential Sellers' shareholdings in the Target.

The Purchaser has agreed to pay HK\$10,000,000 as Earnest Money for the Possible Acquisition to the Potential Sellers within 7 calendar days of the signing of the MOU.

IMPLICATIONS UNDER THE LISTING RULES

As one of the relevant percentage ratios (as defined under the Listing Rules) in respect of the payment of the Earnest Money under the MOU is more than 5% but all relevant percentage ratios are less than 25%, the payment of the Earnest Money under the MOU constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

The Board wishes to emphasise that the MOU may or may not lead to the entering into of the Formal Agreement and the transactions contemplated thereunder may or may not be consummated. In the event that the Formal Agreement materialises, the transactions contemplated thereunder may constitute notifiable transactions of the Company under the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate.

* *for identification purposes only*

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The percentage of shareholding in the Target that the Purchaser proposes to acquire, the Consideration and the manner of payment are subject to negotiation between the parties to the MOU and to be set out in the Formal Agreement.

Principal terms of the MOU

The principal terms of the MOU include:

- (1) The parties to the MOU shall negotiate with each other within the Exclusivity Period with the aim of agreeing and reaching the Formal Agreement in relation to the Possible Acquisition.
- (2) After the signing of the MOU, the Purchaser, its agents and/or professional adviser(s) shall be entitled to carry out the due diligence review on the Target, its subsidiaries (if any), proposed subsidiaries (if any) and other business entities (if any) involved in the Possible Acquisition (if any) and their respective assets, business operations and documents, as well as on the applicable legal, tax and regulatory requirements for the Possible Acquisition during the Exclusivity Period.
- (3) Closing of the Possible Acquisition is conditional upon (i) the Purchaser being satisfied with the results of the said due diligence review; (ii) (where required) the approval by the Securities and Futures Commission of Hong Kong for the Purchaser to become a substantial shareholder of the Target; and (iii) the parties to the MOU having entered into the Formal Agreement and the conditions precedent stated therein having been satisfied or waived (to the extent such conditions precedent are capable of being waived).
- (4) The Potential Sellers shall not, directly or indirectly, whether by itself or through any of the directors, officers, employees, other shareholders, agents or representatives of the Target, during the Exclusivity Period, discuss, negotiate or enter into any contract or agreement with or give any undertaking in favour of any third party which will or may result in frustrating or impeding the furtherance of the transactions contemplated under the MOU.
- (5) The Purchaser shall, within 7 calendar days from the date of the MOU, pay to the Potential Sellers (or as they may direct) a sum of HK\$10,000,000 as Earnest Money for the Possible Acquisition.
- (6) In the event that the Formal Agreement is entered into by the Purchaser and the Potential Sellers and such other parties as the Purchaser considers necessary on or before the Long Stop Date, the Earnest Money shall be applied towards the reduction of the Purchaser's obligation to pay an equivalent amount of the cash portion of the Consideration under the Formal Agreement.

- (7) In the event that the Formal Agreement is not entered into by the Purchaser and the Potential Sellers and such other parties as the Purchaser considers necessary on or before the Long Stop Date, the Potential Sellers shall, within 7 calendar days after the Long Stop Date pay to the Purchaser a sum which is equal to the Earnest Money.
- (8) Without prejudice to paragraph (7) above:
- (a) in the event that the Consideration agreed between the relevant parties named in the Formal Agreement does not comprise any cash portion, the Potential Sellers shall, within 7 calendar days after the entering into of the Formal Agreement, pay to the Purchaser a sum which is equal to the Earnest Money; or
 - (b) in the event that the cash portion comprised in the Consideration agreed between the relevant parties named in the Formal Agreement is less than the Earnest Money, the Potential Sellers shall, within 7 calendar days after the entering into of the Formal Agreement, pay to the Purchaser a sum which is equal to the difference between the Earnest Money and the amount of the cash portion comprised in the Consideration.
- (9) Save for the certain clauses regarding the payment and repayment of Earnest Money, issues of confidentiality, the Exclusivity Period, termination, costs and governing law, which shall be legally binding, the MOU is not intended to be legally binding and shall not constitute the entire legal agreement or commitment between the parties to the MOU on the transactions contemplated therein.
- (10) Except for certain clauses in relation to payment and repayment of Earnest Money, issues of confidentiality and governing law under the MOU, which shall survive the termination of the MOU, the MOU shall be terminated upon the execution of the Formal Agreement. In the event that the Formal Agreement has not been entered into between the relevant parties to the MOU on or before the Long Stop Date, except the parties to the MOU agree otherwise, the MOU shall be terminated immediately after the Long Stop Date.

As at the date of this announcement, the Potential Sellers are the legal and beneficial owners of the entire issued share capital of the Target. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Potential Sellers (each being an individual) is a third party independent of and not connected with the Company, its connected persons and their respective associates.

As disclosed above, the refund of the Earnest Money (where applicable) is free of interest and such refund is not secured by any collateral security.

INFORMATION OF THE TARGET

The Target is a company incorporated in Hong Kong with limited liability in 2008, and is a licensed corporation to carry on businesses in Type 1 regulated activity (dealing in securities) and Type 4 regulated activity (advising on securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

INFORMATION OF THE GROUP

The Group is principally engaged in distribution of films in various videogram formats, film exhibition, licensing and sub-licensing of film rights, leasing of investment properties, securities investment and money lending.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Board considers that the transactions as contemplated under the MOU, if materialised, will enable the Company to diversify its business into the financial services industry and broaden revenue sources of the Group.

The terms of the MOU (including the payment of the Earnest Money) were determined after arm's length negotiations between the parties thereto and the Directors are of the view that the terms of the MOU (including the payment of the Earnest Money) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one of the relevant percentage ratios (as defined under the Listing Rules) in respect of the payment of the Earnest Money under the MOU is more than 5% but all relevant percentage ratios are less than 25%, the payment of the Earnest Money under the MOU constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

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DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	The British Virgin Islands
“Company”	Universe International Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Possible Acquisition
“Directors”	the directors of the Company
“Earnest Money”	HK\$10,000,000, being the earnest money for the Possible Acquisition payable by the Purchaser to the Potential Sellers under the MOU
“Exclusivity Period”	the period of 6 months from the date of the MOU (or such longer period as the parties may agree in writing)

“Formal Agreement”	definitive agreement in writing in relation to the Possible Acquisition
“Group”	the Company and its subsidiaries
“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
“Long Stop Date”	the date on which the Exclusivity Period expires
“MOU”	the non-legally binding memorandum of understanding dated 14 July 2015 between the Purchaser and the Potential Sellers in relation to Possible Acquisition
“Possible Acquisition”	the possible acquisition of all or part of the shareholding of the Potential Sellers in the Target by the Purchaser
“Potential Sellers”	two individuals who are the legal and beneficial owners of the entire issued share capital of the Target and each of which is a third party independent of and not connected with the Company, its connected persons and their respective associates
“Purchaser”	Rising Fame International Limited 昇名國際有限公司, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	a company incorporated in Hong Kong with limited liability and is a licensed corporation to carry on businesses in Type 1 regulated activity (dealing in securities) and Type 4 regulated activity (advising on securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 14 July 2015

As at the date of this announcement, the executive Directors are Mr. Lam Shiu Ming, Daneil, Mr. Hung Cho Sing, Mr. Yeung Kim Piu and Mr. Lam Kit Sun, the non-executive Director is Mr. Chan Shiu Kwong Stephen, and the independent non-executive Directors are Mr. Lam Wing Tai, Mr. Choi Wing Koon and Mr. Lam Chi Keung.