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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 AND PROPOSED CHANGE IN BOARD LOT SIZE

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Share Subdivision, details of which are as follows:

(i) Share Consolidation:

Every ten (10) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.10 each in the issued and unissued share capital of the Company and 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 arising from the Share Consolidation.

(ii) Capital Reduction:

The Capital Reduction will be effected immediately upon the Share Consolidation becoming effective, pursuant to which the par value of each of the then issued Consolidated Shares will be reduced from HK\$0.10 to HK\$0.01 each by cancelling the paid-up capital of the Company to the extent of HK\$0.09 on each of the then issued Consolidated Shares, the credits arising from (a) such reduction of the paid-up capital; and (b) the cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation, which together amounts to approximately HK\$13,333,418.29, will be credited to the contributed surplus account of the Company within the meaning of the Companies Act.

* for identification purposes only

(iii) Share Subdivision:

Immediately following the Capital Reduction, each of the then authorised but unissued Consolidated Shares of par value of HK\$0.10 each will be sub-divided into ten (10) New Shares of par value of HK\$0.01 each.

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 of the Company 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.

PROPOSED CHANGE IN BOARD LOT SIZE

The Board proposes to change the board lot size for trading in the Shares from 15,000 Existing Shares to 5,000 New Shares subject to and upon the Capital Reorganisation becoming effective.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, (i) details of the Capital Reorganisation and the Change in Board Lot Size; and (ii) a notice convening the SGM, is expected to be despatched to the Shareholders on or before 23 February 2016. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Capital Reorganisation and is required to abstain from voting on the resolutions to be proposed at the SGM.

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Share Subdivision, details of which are as follows:

(i) Share Consolidation:

Every ten (10) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.10 each in the issued and unissued share capital of the Company and 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 arising from the Share Consolidation.

(ii) Capital Reduction:

The Capital Reduction will be effected immediately upon the Share Consolidation becoming effective, pursuant to which the par value of each of the then issued Consolidated Shares will be reduced from HK\$0.10 to HK\$0.01 each by cancelling the paid-up capital of the Company to the extent of HK\$0.09 on each of the then issued Consolidated Shares, the credits arising from (a) such reduction of the paid-up capital; and (b) the cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation, which together amounts to approximately HK\$13,333,418.29, will be credited to the contributed surplus account of the Company within the meaning of the Companies Act.

(iii) Share Subdivision:

Immediately following the Capital Reduction, each of the then authorised but unissued Consolidated Shares of par value of HK\$0.10 each will be sub-divided into ten (10) New Shares of par value of HK\$0.01 each.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (i) the passing of the necessary special resolution(s) by the Shareholders at the SGM to approve the Capital Reorganisation involving the Share Consolidation, the Capital Reduction and the Share Subdivision;
- (ii) the Stock Exchange granting 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 upon exercise of the Outstanding Options and the Consideration Convertible Notes;
- (iii) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Assuming the above conditions are fulfilled on or before the date of the SGM, the Capital Reorganisation is expected to become effective on the next Business Day after the date of passing of the relevant special resolution(s) approving the Capital Reorganisation at the SGM.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Existing Shares of par value of HK\$0.01, of which 1,481,490,921 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming there will be no change in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation, the authorised share capital of the Company will become HK\$100,000,000 divided into 10,000,000,000 New Shares of par value of HK\$0.01 each and the issued share capital of the Company will become HK\$1,481,490.92 divided into 148,149,092 New Shares upon the Capital Reorganisation becoming effective. The total number of the Consolidated Shares is rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation.

Based on 1,481,490,921 Existing Shares in issue as at the date of this announcement, a credit of approximately HK\$13,333,418.29 will arise as a result of (a) the Capital Reduction; and (b) the cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation. It is proposed that the total credit arising in the accounts of the Company from the Capital Reorganisation will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act upon the Capital Reorganisation becoming effective. The Board currently has no plan as to the use of such amount.

As at the date of this announcement, save as (i) Outstanding Options entitling the holders thereof to subscribe for up to an aggregate of 45,069,662 Existing Shares; and (ii) Consideration Convertible Notes entitling the holders thereof to convert into up to 164,948,453 Existing Shares, the Company does not have any other outstanding options, warrants or securities in issue which are convertible or exchangeable into the Shares. Assuming no further Existing Shares will be issued, repurchased or surrendered prior to the effective date of the Capital Reorganisation, the effect of the Capital Reorganisation and the share capital structure of the Company is summarised below:

	As at the date of this announcement	Immediately upon the Capital Reorganisation becoming effective
Par value per Share	HK\$0.01 per Existing Share	HK\$0.01 per New Share
Authorised share capital	HK\$100,000,000 divided into 10,000,000,000 Existing Shares	HK\$100,000,000 divided into 10,000,000,000 New Shares
Number of Shares in issue	1,481,490,921 Existing Shares	148,149,092 New Shares
Issued and fully paid-up or credited as fully paid-up share capital	HK\$14,814,909.21	HK\$1,481,490.92

Note: The total number of the Consolidated Shares is rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation.

Other than the relevant expenses, including but not limited to professional fees and printing charges incurred and to be incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the proportionate interests of the Shareholders, save that no fractional New Shares will be allocated to the Shareholders. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

Status of the New Shares

All New Shares in issue immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders. Any fractional Shares arising from the Share Consolidation will not be allocated to the Shareholders. Any fractional entitlement to the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company.

Arrangement for matching service for odd lots

In order to alleviate the difficulties arising from the existence of odd lots of New Shares as a result of the Capital Reorganisation, the Company has appointed Win Fung Securities Limited as an agent to provide matching service on a best efforts basis regarding the sale and purchase of odd lots of New Shares on behalf of Shareholders. Holders of odd lots of the New Shares who wish to take advantage of this trading facility to dispose of or top up odd lots should contact Mr. Leo Hung (洪霖) at telephone number: (852) 3951-3888 of Win Fung Securities Limited located at 12/F OTB Building, 259-265, Des Voeux Road Central, Sheung Wan, Hong Kong during the office hours (from 9:00 a.m. to 6:00 p.m.) of the period from Wednesday, 6 April 2016 to Tuesday, 26 April 2016 (both days inclusive). Shareholders should note that matching of the sale and purchase of odd lots of New Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

Listing application

Application will be made to the Stock Exchange for 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 upon exercise of Outstanding Options and Consideration Convertible Notes.

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange, 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.

Exchange of Share Certificate

Subject to the Capital Reorganisation becoming effective, which is expected to be on Friday, 18 March 2016, Shareholders may on or after Friday, 18 March 2016 and until Thursday, 28 April 2016 (both days inclusive) submit their existing share certificates for the Existing Shares in the colour of green to the Registrar for exchange for share certificates for the New Shares in the colour of pink at the expense of the Company. Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each share certificate issued for the New Shares or each existing share certificate for the Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. With effect from Wednesday, 27 April 2016, existing share certificates for the Existing Shares in the colour of green will continue to be good evidence of legal title and may be exchanged for share certificates for New Shares in the colour of pink at any time but are not acceptable for trading, settlement and registration purposes.

New share certificates for the New Shares will be in the colour of pink in order to distinguish them from the existing share certificates for the Existing Shares which are in the colour of green.

Adjustments to the outstanding Share Options

As at the date of this announcement, there are (i) Outstanding Options entitling the holders thereof to subscribe for up to an aggregate of 45,069,662 Existing Shares; and (ii) Consideration Convertible Notes entitling the holders thereof to convert into up to 164,948,453 Existing Shares. The Directors will determine if any adjustments are required to be made in respect of the above as a result of the Capital Reorganisation. 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 Existing Shares, Consolidated Shares or New Shares, as the case may be.

Reasons for the Capital Reorganisation

Pursuant to Rule 13.64 of the Listing Rule, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. In addition, the Guide on Trading Arrangements for Selected Types of Corporate Actions issued by the Stock Exchange on 28 November 2009 and updated on 3 March 2014 states that taking into account the minimum transaction costs for a securities trade, the suggested board lot value per board lot should be greater than HK\$2,000.

Based on the closing price of HK\$0.082 per Existing Share as quoted on the Stock Exchange on the date of this announcement, the value of each board lot of Existing Shares is HK\$1,230. In view of the recent trading price and board lot value of the Existing Shares, the Board proposed to conduct the Share Consolidation and the Change in Board Lot Size. Assuming that the Share Consolidation and the Change in Board Lot Size (as detailed below) have become effective, as well as based on the closing price of HK\$0.082 per Existing Share as quoted on the Stock Exchange on the date of this announcement, the theoretical closing price of the New Share and the theoretical value of each board lot of New Share will be HK\$0.82 and HK\$4,100 respectively. Accordingly, the Board considers that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Capital Reduction and the Share Subdivision will keep the par value of the Shares at a low level that can facilitate the Company's future fund raising activities as the Company will not be allowed to issue any Shares below its par value. The Share Subdivision is necessary to sub-divide the par value of each of the then authorised but unissued Consolidated Shares from HK\$0.10 to HK\$0.01 so that the par value of all issued and unissued New Shares will be HK\$0.01 each.

The Board believes that the Capital Reorganisation will provide greater flexibility to the Company in pricing future capital raising exercise. Accordingly, the Board is of the view that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole. As at the date of this announcement, the Company had no agreement, arrangement, intention or negotiation about any fund raising activities.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded in board lots of 15,000 Existing Shares. The Board proposes to change the board lot size for trading in the Shares from 15,000 Existing Shares to 5,000 New Shares subject to and upon the Capital Reorganisation becoming effective. Based on the closing price of HK\$0.082 per Existing Share on the date of this announcement and assuming that the Capital Reorganisation, if the New Shares were continued to be traded in board lot of 15,000 New Shares, the value of each board lot of New Shares would be HK\$12,300. Had the Change in Board Lot Size became effective, the value of each board lot of New Share would be HK\$4,100. The Board is of the view that the Change in Board Lot Size may enable the Company to attract more investors, improve the liquidity of the Shares and broaden the Company's shareholder base.

EXPECTED TIMETABLE

The expected timetable for implementation of the Capital Reorganisation and the Change in Board Lot Size are as follows:

Event	Time and date 2016
Despatch of Company's circular with notice of SGM and forms of proxy	Tuesday, 23 February
Latest time and date for lodging forms of proxy for the SGM (not less than 48 hours prior to the time of the SGM)	12:00 noon on Tuesday, 15 March
Time and date of the SGM	12:00 noon on Thursday, 17 March
Publication of announcement of poll results of the SGM	Thursday, 17 March

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 Friday, 18 March

Event	Time and date 2016
First day for free exchange of existing share certificates for Existing Shares for new share certificates for New Shares	Friday, 18 March
Dealing in New Shares commences	9:00 a.m. on Friday, 18 March
Original counter for trading in Existing Shares in board lots of 15,000 Existing Shares (in the form of existing share certificates) temporarily closes.	9:00 a.m. on Friday, 18 March
Temporary counter for trading in New Shares in board lots of 1,500 New Share (in the form of existing share certificates) opens	9:00 a.m. on Friday, 18 March
Original counter for trading in New Shares in new board lots of 5,000 New Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 6 April
Parallel trading in New Shares (in the form of new share certificates in new board lots of 5,000 New Shares and the existing share certificates in board lots of 1,500 New Shares) commences.	9:00 a.m. on Wednesday, 6 April
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of New Shares	Wednesday, 6 April
Temporary counter for trading in New Shares in board lots of 1,500 New Shares (in the form of existing share certificates) closes.	4:00 p.m. on Tuesday, 26 April
Parallel trading in New Shares (in the form of new share certificates in new board lots of 5,000 New Shares and the existing share certificates in board lots of 1,500 New Shares) ends	4:00 p.m. on Tuesday, 26 April
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of New Shares	Tuesday, 26 April
Latest day for free exchange of existing share certificates for Existing Shares for the new share certificates for New Shares	Thursday, 28 April

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

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 of the Company 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. A circular containing, among other things, (i) further information on the Capital Reorganisation and the Change in Board Lot Size; and (ii) a notice convening the SGM, is expected to be despatched to the Shareholders on or before 23 February 2016. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Capital Reorganisation and is required to abstain from voting on the resolutions to be proposed at the SGM.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Capital Reduction”	the proposed reduction of the par value of each of the then issued Consolidated Shares from HK\$0.10 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.09 on each of the then issued Consolidated Shares
“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 operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size for trading from 15,000 Existing Shares to 5,000 New Shares upon the Capital Reorganisation becoming effective
“Companies Act”	the Companies Act 1981 of Bermuda

“Company”	Universe International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange (stock code:1046)
“Consideration Convertible Notes”	the zero coupon convertible notes in aggregate principal amount of HK\$64 million issued by the Company to the then vendors of Winston Asia Limited upon completion of the acquisition as contemplated under the relevant sale and purchase agreement, details of which are set out in the announcement of the Company dated 7 May 2015 and the circular of the Company dated 26 June 2015
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company immediately after the Share Consolidation but before the Capital Reduction and the Share Subdivision becoming effective
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“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)”	the ordinary share(s) of par value HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Outstanding Options”	an aggregate of 45,069,662 share options granted by the Company under the share options schemes adopted by the Company on 2 December 2013 and which remained outstanding as at the date of this announcement
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation
“Share(s)”	Existing Share(s), Consolidated Share(s) and/or New Share(s), as the case may be

“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares of par value of HK\$0.01 each in the issued and unissued share capital of the Company into one (1) Consolidated Share of par value of HK\$0.10 each in the issued and unissued share capital of the Company
“Share Subdivision”	the proposed subdivision of each of the then authorised but unissued Consolidated Shares of par value of HK\$0.10 each into ten (10) New Shares of par value of HK\$0.01 each
“Shareholder(s)”	the holder(s) of the Existing Shares, Consolidated Shares or New Shares, as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 29 January 2016

As at the date of this announcement, the executive Directors are Mr. Lam Shiu Ming, Daneil, Mr. Hung Cho Sing, Ms. Cheng Hei Yu 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.